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MINNESOTA OFFICE OF THE STATE AUDITOR

CORPORATIONS CREATED BY PUBLIC ENTITIES

January 29, 1999



JUDITH H. DUTCHER
STATE AUDITOR

1998 Minn. Laws Chap. 389
Art. 16 Sec. 21

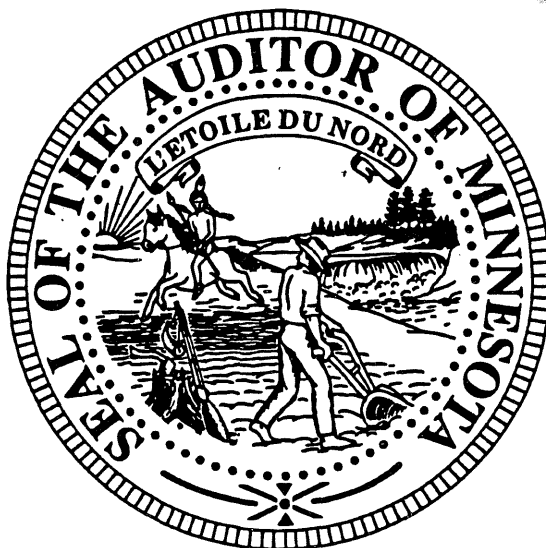
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The Office of the State Auditor is a Constitutional Office which serves as a watchdog for Minnesota taxpayers and helps to assure integrity, accountability, and cost-effectiveness in government throughout the state.

Through financial, compliance, and special audits, the Office of the State Auditor helps to assure that local governments hold themselves to the highest standards of integrity. The Office works actively with local government officials to find more efficient and cost effective ways to spend tax dollars.

The Office performs approximately 250 audits per year. The State Auditor has oversight responsibilities for 4,300 local units of governments throughout the state. The local units of government include.

- 1803 townships
- 855 cities
- 429 educational districts
- 87 counties
- 703 police and fire relief association funds
- 145 housing and redevelopment authorities
- 22 port authorities
- 91 soil and water conservation districts
- 150 (approximate) special districts

Through its reports and research, the Office helps local governments find new ways to provide essential services more economically and efficiently, in order that they may respond to growing needs with limited financial resources.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, Board of Government Innovation and Cooperation, and Rural Finance Administration Board.

CORPORATIONS CREATED BY PUBLIC ENTITIES

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I. INTRODUCTION

The 1998 Omnibus Tax Bill contained language requiring the Office of the State Auditor (OSA) to request from all counties, cities, school districts, and urban towns information regarding for profit and not for profit corporations created by public entities.¹ The legislation required the OSA to compile and summarize the information provided by these local units of government and submit a report to the Senate Local and Metropolitan Government Committee and the House of Representatives Local Government and Metropolitan Affairs Committee, or their successor committees, by January 30, 1999. The following report contains the OSA's findings with regard to for profit and not for profit corporations created by public entities.

II. BACKGROUND

In 1986, the Minnesota Attorney General advised the Winona County Attorney that local units of government had no express statutory authority to create nonprofit corporations and that such authority could not properly be implied from existing grants of power.² This idea has been codified at Minn. Stat. § 465.715, subd. 1.

In the early 1990's, the OSA became aware of the creation of a corporation by a local unit of government when it received information that a metropolitan area county had created a corporation, transferred publicly-owned land to the corporation, and leased the land without recording the revenue on the county books. Based upon the 1986 Attorney General Opinion, the State Auditor questioned the authority of a public entity to create this type of private corporation and the county voluntarily dissolved the corporation and transferred its assets back to the county treasurer.

Subsequently, the OSA became aware, through citizen complaints, as well as financial and legal compliance audits, that several other public entities had also created private corporations. The corporations engaged in a variety of businesses, including management of a cable access corporation, operation of a tourist bureau, and promotion of economic development. The OSA received complaints that, in some cases, these corporations had refused to provide information regarding the expenditure of public funds, had refused access to the meetings of the corporate board, had not been audited on a regular basis, and had failed to comply with competitive bidding laws. These concerns were heightened by the fact that members of these corporate boards were also elected officials in the local unit of government that formed the corporation.

In September of 1996, the OSA received a letter from a group called the Cook County Taxpayers Concerned ("CCTC") raising questions about proposed financing for construction of a new jail and courthouse addition in Cook County, Minnesota. The CCTC requested that the OSA review the

¹ 1998 Minn. Laws, Ch. 389, Art. 16, § 21.

² See Op. Atty. Gen. 92a-30, January 29, 1986 (attached as Exhibit A).

legality of the proposed public financing transaction.³ The CCTC's challenge to the Cook County lease-purchase finance transaction received significant publicity and increased awareness among the citizens of the existence of corporations created by public entities. In light of the 1986 Attorney General Opinion, the OSA questioned the authority of a county to create a nonprofit corporation. The County asserted that it possessed implicit authority to create the nonprofit corporation to carry out its mandates to operate a suitable courthouse and sufficient jail.⁴ The County moved forward with its project.

In the 1997 legislative session, the legislature codified the 1986 Attorney General Opinion stating that public entities lacked the authority to create corporations.⁵ However, corporations created for the purpose of lease financing were permitted to continue with certain restrictions.⁶

During the 1998 legislative session, discussions were held regarding for profit and not for profit corporations created by public entities. As a result of these discussions, the 1998 Minnesota legislature amended Minn. Stat. § 465.715 to permit all other publicly-created corporations to continue in existence until July 1, 1999 and the OSA was instructed to survey the for profit and not for profit corporations created by public entities.

III. THE SURVEY

As set forth in Minn. Stat. § 465.715, subd. 3(a), the legislature required a report to be submitted for corporations "created by the political subdivision[s]." This phrase was not defined in statute. There was significant debate on the meaning of this phrase. After extensive discussions with legislators, legislative staff, and lobbyists representing local government interests, in addition to applying criteria developed by the Government Accounting Standards Board (GASB) in Statement No. 14, the OSA developed a definition for "created by the political subdivision." The definition is set forth in the survey, a copy of which is included as Exhibit B.

³ Cook County had created a nonprofit corporation called the Cook County Building Authority. The entire Cook County Board served as the corporation's entire board of directors. The Cook County Building Authority then entered into a lease-purchase agreement with the county. By entering into this agreement, a public referendum to issue debt to build a public building was avoided. In the event that the lease-purchase agreement was terminated by the County, the County would have been required to deliver possession of the courthouse and jail facility to the Cook County Building Authority within 10 days of termination of the agreement.

⁴ See Minn. Stat. § 373.05 (1998).

⁵ See Minn. Stat. § 465.715, subd. 1 (1997).

⁶ See Minn. Stat. § 465.715, subd. 2 (1997).

During meetings with legislative members and interested lobbying groups, it was suggested that a list of entities exempt from completing the survey be compiled with the assistance of the lobbying entities. Therefore, a list of exempt entities was compiled and is set forth in Exhibit B. These exempt entities were known to the legislature, had independent statutory authority to operate, or were entities that did not fall within the definition contained in the survey.

A survey on for profit and not for profit corporations created by public entities was mailed to political subdivisions on June 1, 1998. Pursuant to the statutory language, the survey requested information regarding the corporation's incorporation date, organization structure, purpose, receipt and expenditure of public funds, potential public liabilities, level of public oversight, and public laws applicable to the corporation. The survey was to be completed and returned to the OSA by October 15, 1998.

To facilitate the gathering of this information, the OSA worked with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Minnesota School Boards Association, the Minnesota Association of Townships, and other organizations and individuals representing the interests of public entities. They provided input on the scope and content of the survey.

During the 1999 session, the legislature will analyze the reported information and decide whether such corporations should continue after July 1, 1999, and if so, what public laws should be applicable to these corporations.

IV. GENERAL SURVEY RESULTS

The OSA sent 1,373 surveys to local governments throughout the state, including all 87 counties, 855 cities, 35 urban towns, and 396 school districts. The survey instructed each local government receiving a copy of the survey to return a copy to the OSA, even if the local government entity had not created any corporations.

The OSA received 986 responses to the survey. Of these responses, 71 were from counties, 598 were from cities, 23 were from towns, 257 were from school districts, and 37 were from other entities.⁷

Of the 986 local governments that responded to the survey, 905 indicated that they had not created a for profit or not for profit corporation utilizing the parameters set forth in the survey. A list of these local governments is set forth in Exhibit C.

The responses to the survey identified 99 for profit and not for profit corporations that were created by one or more local governments. A list of the corporations and the local governments that created

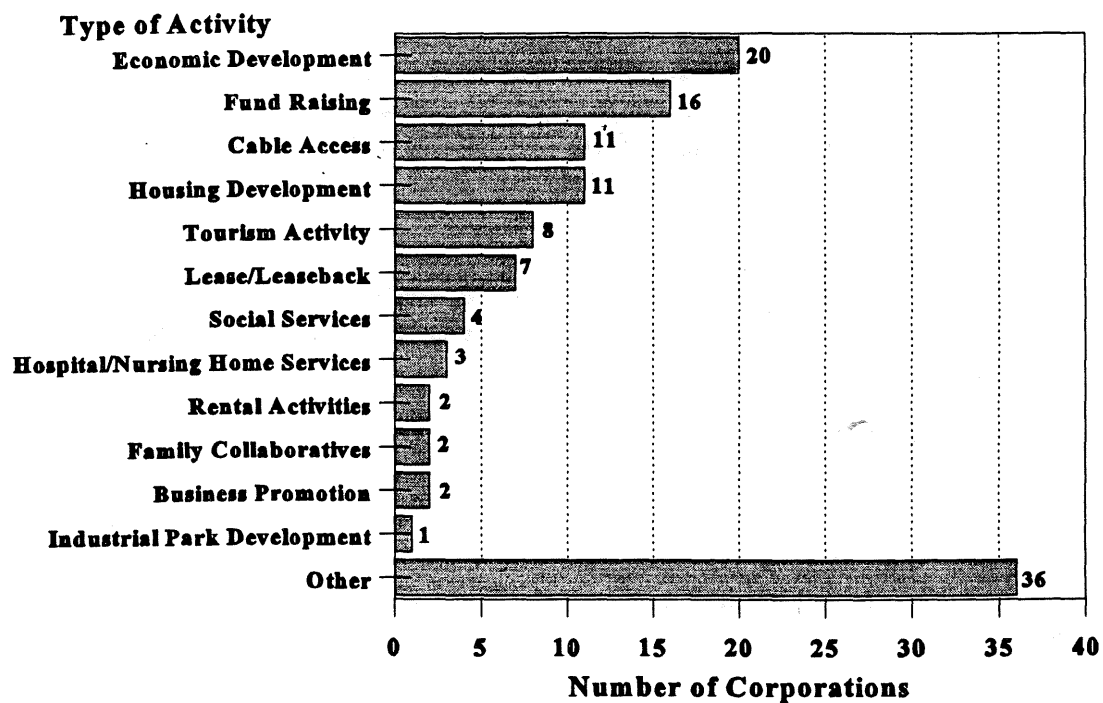
⁷ The other entities are: (a) joint powers entities created by multiple local governments, or (b) other public entities created by a single local government pursuant to law. These entities are identified in Exhibits C and D.

these corporations is set forth in Exhibit D. In addition, a summary of each survey identifying the 99 corporations is set forth in Exhibit E.

An analysis of the responses to the survey revealed that 86 of the 99 corporations were created or authorized by official action of the governing body of one or more local governments.

The responses to the survey demonstrated that the corporations engage in a variety of activities as set forth below.⁸

Primary Activities of the Corporations

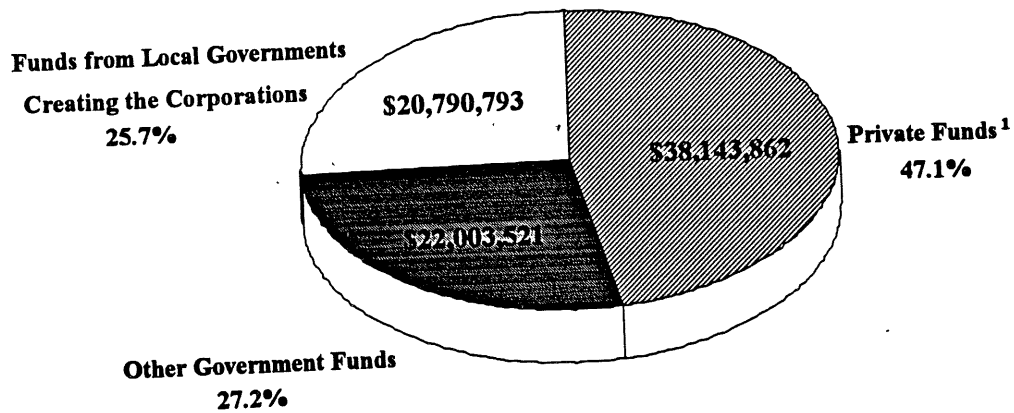


⁸ The number of activities identified in the bar graph exceeds the number of corporations because some of the corporations engage in more than one of the activities listed above.

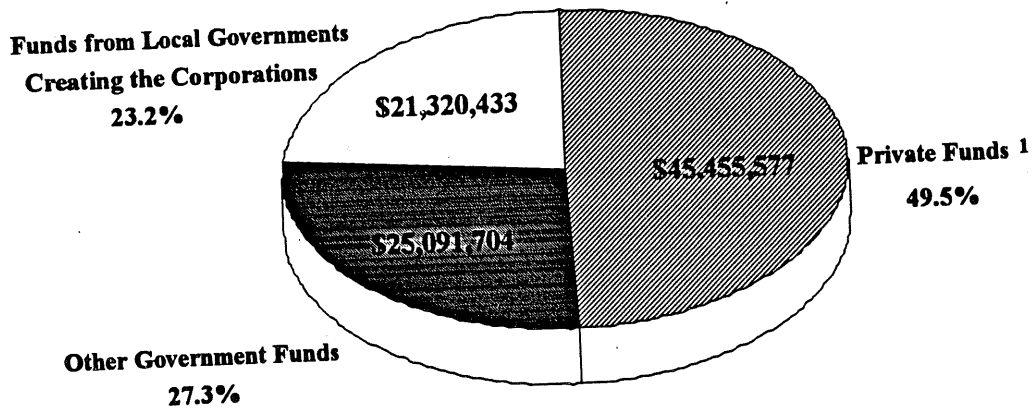
Sources of Revenues

The 99 corporations created by local governments reported revenues of approximately \$80 million for 1996 and \$91 million for 1997. These "revenues" consisted of funds from the local governments that created the corporations, funds from other governmental sources, and funds from private sources.

Sources of Revenues of Corporations in 1996



Sources of Revenues of Corporations in 1997



¹ In analyzing the responses to the survey, the OSA believes a portion of the funds may have been improperly characterized by the responding entity as "private funds," rather than "government funds."

Debt or Contractual Obligations

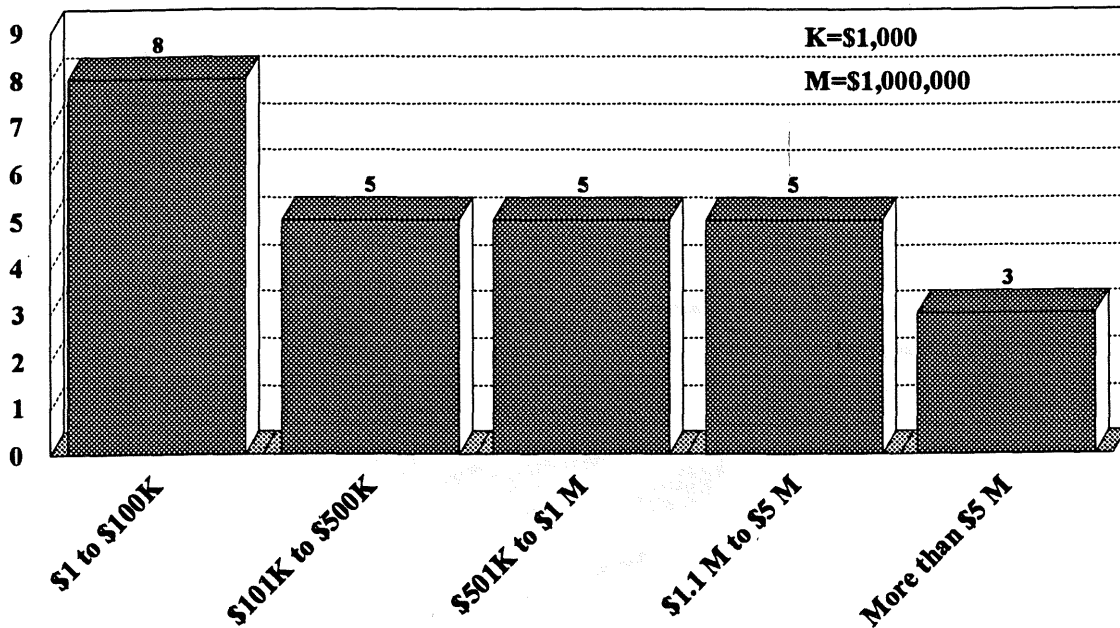
Based on the responses to the survey, 5 of the 99 corporations benefitted from debt issued by the local governments that created them. The amount of debt issued by local governments for these five corporations totaled approximately \$74.5 million as follows:

1. Coon Rapids - \$45 million; Coon Rapids Mortgage Assistance Foundation
2. St. Paul Port Authority - \$27.9 million; Capital City Properties
3. City of Perham - \$1.06 million; Perham Area Community Center
4. City of Perham - \$422,500; Perham Lakeside Country Club
5. Southeastern Minnesota Multi-County HRA - \$600,000; Multi-County Builders

Additionally, 34 of the 99 corporations independently issued or had become contractually obligated to debt. As of December 31, 1997, this debt totaled approximately \$64 million. Of the 34 corporations that have issued or become contractually obligated to debt, eight of them had either retired all outstanding debt as of December 31, 1997, or did not issue any debt until 1998. Therefore, only 26 of the corporations accounted for the \$64 million in debt outstanding as of December 31, 1997. The 26 corporations have total outstanding debt as follows:

Debt or Contractual Obligations of the Corporations

Number of Local Governments



Outstanding Debt as of 12/31/97

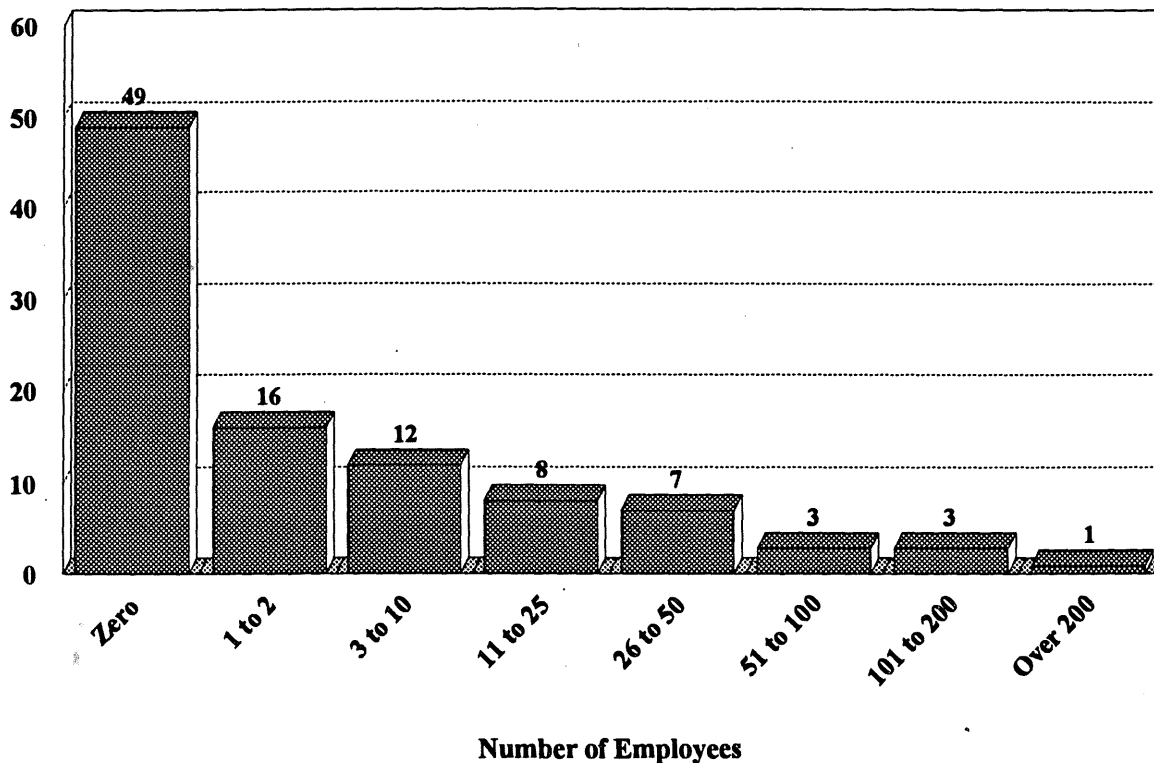
Additional Characteristics

In reviewing the responses pertaining to the 99 corporations, the OSA identified the following characteristics:

- Public Officials Serving on or Appointing Corporate Board — 70 of the corporations have local government officials who serve on the corporations' boards of directors, and 58 of the corporations have one or more members of their boards of directors who are appointed or approved by the local governments that created the corporations.
- Employees — 50 of the corporations have one or more full-time or part-time employees. The number of employees of these corporations are set forth below.

Total Number of Full and Part Time Employees

Number of Corporations

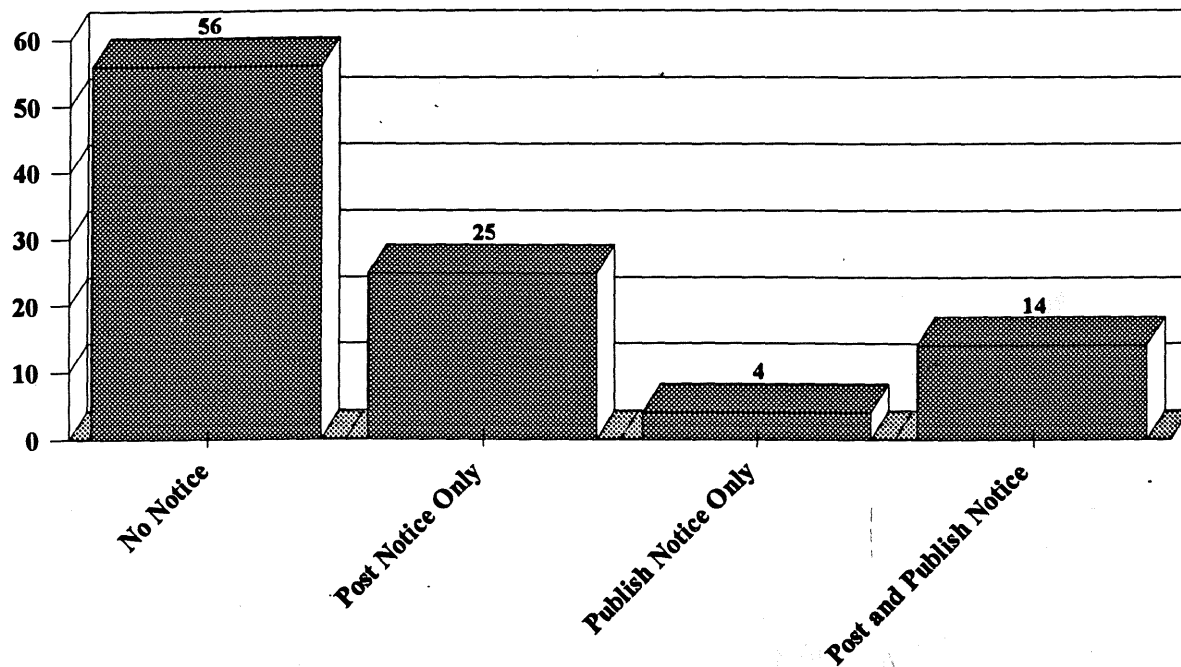


- Separate Mailing Address — 54 of the corporations maintain a separate mailing address from the local governments that created them.
- Written Contract — 54 of the corporations have written contracts with the local governments that created them.

- Budget Review — 51 of the corporations have budgets or expenditures that are reviewed or approved by the local governments that created them.
- Open Meetings — 84 of the corporations have meetings of the board of directors that are represented as being open to the public. However, the surveys revealed that less than half of the 99 corporations adhere to Minnesota open meeting law requirements, such as posting notice of the meeting in a public place or publishing notice of the meeting in a local newspaper.

Number of Corporations That Provide Notice of Meetings

Number of Corporations



- Annual Audit — Although 70 of the corporations have annual audits performed by a certified public accountant, only 49 of the corporations are required to provide copies of these annual audits to the local governments that created them. Additionally, 31 of the corporations are included as component units in the audited financial statements of the local governments that created them.

- **Litigation** — Four of the corporations were involved in litigation with third parties.⁹
- **Liability Insurance/Bonding** — 53 of the corporations maintain separate liability insurance from the local governments that created them and 52 of the corporations have treasurers or chief financial officers who are bonded.
- **Services Provided by Local Government** — 59 of the corporations receive services performed by officials or employees of the local governments that created the corporations. The OSA noted some inconsistencies in survey responses. In one section of the survey, some local units of government characterized the services provided by its employees or officials as being “uncompensated,” but noted elsewhere that these services were provided as part of the employees’ regular job duties. As such, these services should be considered compensated.

V. SPECIFIC SURVEY RESULTS BY PUBLIC ENTITY AND PURPOSE

A more complete analysis of these 99 corporations is contained in the following sections.

A. COUNTIES.

1. Economic Development.

At least seven counties reported that they had created economic development corporations, the purpose of which was to further economic development within the county. The seven counties are Brown, Cass, Kandiyohi, Meeker, Nobles, Pope, and Swift. Under current law, there is no authority to create economic development corporations. However, Brown County created a development corporation in 1990, and subsequently in 1998, the legislature passed a special law authorizing the creation of this corporation.¹⁰ It should be noted that several counties, including Meeker County, have the authority to create economic development authorities,¹¹ but are not specifically authorized to create a corporation to undertake economic development. Special legislation also authorizes Kandiyohi and Swift Counties to operate rural development finance authorities.¹² However, Brown County is the only county authorized to create a corporation to undertake economic development.

⁹ The corporations involved in litigation are: (1) Five County Mental Health Centers, Inc.; (2) Southwestern Minnesota Opportunity Council; (3) the Greater Minneapolis Convention and Visitors Association; and (4) Capital City Properties.

¹⁰ 1998 Minn. Laws, Ch. 360, § 2.

¹¹ 1997 Minn. Laws, Ch. 15 (Becker County); 1994 Minn. Laws, Ch. 587, Art. 9, § 5 (Benton County); 1998 Minn. Laws, Ch. 389, Art. 11, § 27 (Blue Earth); 1988 Minn. Laws, Ch. 516 (Cook County); 1998 Minn. Laws, Ch. 389, Art. 11, § 26 (Kittson County); and 1998 Minn. Laws, Ch. 389, Art. 11, § 25 (Meeker County).

¹² 1989 Minn. Laws 1Spl, Ch. 1, Art. 17, § 21 (Kandiyohi County) and 1995 Minn. Laws, Ch. 264, Art. 5, § 39 (Swift County).

Generally, under state law, only cities are permitted to create economic development authorities.¹³ Although not permitted to create economic development authorities, counties are permitted, under Minn. Stat. § 375.83, to appropriate an unlimited amount of money annually to be paid to an incorporated development society or organization to promote economic development and resources of the county.

According to the seven surveys submitted by economic development corporations, these corporations have the following characteristics:

- Of the seven counties reporting under the survey, at least three indicated that one of their purposes was to create and operate a revolving loan fund to be available for economic development.
- Of the seven, only one has issued debt. The amount of that debt was \$25,000.
- One county indicated it did not want to operate its economic development corporation in a public manner. It stated in its survey that one of its purposes in creating the corporation was to avoid open meetings. The remaining six corporations indicated that they have open meetings. It should be noted, however, that three of these corporations hold meetings in private homes, restaurants, and bank buildings and only two post or publish notice indicating when and where the meetings are held.
- The amount of public funds received by these county development corporations varied widely. Three counties reported that their economic development corporations received no public funds. Two counties provided \$25,000 and \$110,000, respectively, to their economic development corporations in 1997.

Observations and Recommendations

The threshold question that must be resolved by the legislature is whether counties should engage in economic development. Should the legislature conclude that counties may be authorized to engage in economic development activities, current law must be amended to authorize such activity. Such legislation could permit counties to create economic development authorities similar to those now permitted for cities. In order to ensure public oversight, integrity, and accountability of corporations created by counties for the purpose of engaging in economic development activities, the legislature should consider the following:

- The powers and limitations of the corporation;
- Whether the corporation is empowered to issue debt, and if so, what limitations exist, what process needs to be followed, and whether the approval of the public entity is needed;

¹³ Minn. Stat. § 469.091 (1998).

- The relationship between the public entity and the corporation, including whether the governing board of the public entity serves on or appoints the members of the corporation's governing board, whether the public entity approves the budget of the corporation, and whether the public entity has any veto power over the corporation's activities; and
- Whether laws applicable to "public entities" should be applicable to the corporation. See Exhibit F.

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

2. Corporations Created by County HRAs.

The Housing and Redevelopment Authorities (HRAs) for Carver, Dakota, and Chisago Counties reported that they created corporations, as did the Northwest Minnesota Multi-County HRA and the Southeastern Multi-County HRA. Two of the county HRAs, Carver and Chisago, indicated that they had created corporations in order to develop partnerships with private for profit developers. Both indicated that public entities are not permitted to partner with private for profit developers. The Southeastern Minnesota Multi-County HRA indicated that the corporation it created had more access to funding programs than did the HRA. One county HRA, Dakota County, created a corporation to be involved in a lease-purchase finance agreement.

Pursuant to Minn. Stat. § 469.004, counties have the authority to form and operate HRAs. However, the OSA is unaware of any authority which would allow HRAs to create private corporations.

According to the five surveys submitted by these HRA corporations, these corporations have the following characteristics:

- All five reported that they did not receive any public funds in 1997.
- Four of the corporations have no current outstanding debt. However, the Southeastern Minnesota Multi-County HRA reported that it has \$600,000 in tax-exempt bonds outstanding as of December 1, 1997.

- Only the corporation created by the Northwest Minnesota Multi-County HRA has employees. This corporation indicated that it has 11 full-time employees.
- The corporation created by the Dakota County HRA to act as lessor in the lease-purchase finance agreement has ceased to provide any service to the HRA or county because the lease term has expired. The corporation discontinued its annual meetings in July of 1995.
- Of the four county HRA corporations that have regular meetings, all four reported that they had open meetings. However, only three of these corporations post notice of its meetings.
- None of these HRA corporations has an annual audit.
- Only the corporation created by the Northwest Minnesota Multi-County HRA has a separate mailing address from the government entity that created it.
- Two of these corporations indicate that they have no contract with the government entity that created it.

Observations and Recommendations

Two of the corporations reported that they were created in order to create partnerships with private for profit developers. They indicated that the HRAs involved were not permitted to engage in this activity. If the legislature determines that such partnerships should be fostered, said authority should be set forth in the law.

One county HRA indicated that it created the corporation in order to be eligible to receive funds that the HRA itself was ineligible to receive. One of the counties indicated in its survey response that the corporation it created is currently not providing any function to the county. The function it did provide was completed in 1995 and its continued existence is unnecessary. Of the four remaining corporations, only one, which was created in 1997, has full-time employees.

The OSA recommends that the legislature decide whether to grant county HRAs the powers that they indicated were the basis for their creation of these corporations. Specifically, these powers include the authority to enter into partnerships with private for profit developers and the power to create corporations to receive funds the HRA is currently ineligible to receive.

With regard to the four active corporations, the legislature will also need to determine whether they should be permitted to continue past July 1, 1999.¹⁴ If the legislature authorizes these corporations

¹⁴ The Dakota County HRA indicated that the function served by its corporation was completed in 1995. Therefore, it does not appear to be an active corporation.

to continue past July 1, 1999 as private corporations, it will have to enact legislation. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

If the legislature determines these corporations should be dissolved, no action is required because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a. Since these county HRAs already have authority to provide for low and moderate income housing within their county, all legally authorized housing activities can be performed directly by the county HRAs.

3. Lease-Purchase Finance Agreement.

Five counties created corporations to act as lessors in building finance arrangements. These counties are Hennepin, Dodge, Kandiyohi, Olmsted, and Cook.

To understand why these counties were interested in creating a corporation to act as a lessor, one must reference current Minnesota law. Minnesota Statutes § 375.18, subd. 3, permits counties to erect, furnish, and maintain county courthouses. This statute indicates that a county is not permitted to issue debt in excess of an amount equal to .04030% of the taxable market value of the county without a referendum approving the issuance of this obligation. Minnesota Statutes § 465.71 exempts lease-purchase agreements from the referendum requirement. Under the terms of the lease-purchase finance agreement, the public entity must have the right to terminate the lease-purchase finance agreement at the end of any fiscal year during its term.

These five counties created corporations to act as lessors in a transaction in which they would lease the courthouse or other county buildings they needed. The leases are structured in such a way that the lease payments cover the indebtedness created by the improvement or construction of the county buildings involved. To be consistent with the state law, the leases involved must contain a provision permitting the county to opt out at the end of any fiscal year.

According to the five surveys relating to lease-purchase finance agreements, these corporations have the following characteristics:

- All of these corporations are single purpose corporations, in which the corporation acts as the lessor of the county building involved. The county itself is the lessee.
- Dodge County indicated that it created a corporation because the county was unable to obtain the votes necessary to build a "much needed" county annex. The Cook County Building Authority indicated that it was created in order to finance a jail and courthouse, and to avoid a referendum.

- In all five corporations, county board members serve on the board of directors for the lessor corporation.
- Dodge County's corporation indicated it has six part-time employees. However, none of the other corporations have any employees, instead, county staff provides all services for the corporation.
- All of the five corporations have the same address as the county that created them.

Observations and Recommendations

Under Minn. Stat. § 465.715, these corporations created by the counties for the purposes of entering into a lease-purchase finance agreement must be allowed to continue until completion of the single purpose for which they were created. The OSA questions whether public entities should be allowed to create corporations for the purposes of lease financing. If the referendum requirements of state law make it too difficult for public entities to build public buildings, the legislature should consider modifying current referendum laws. Therefore, the legislature should determine whether counties and other public entities should be permitted to use lease-purchase finance agreements as a method of public financing and further decide whether they should be allowed to create corporations to facilitate the lease-purchase finance agreements.

4. Mental Health.

Twenty-one counties reported that they had created six corporations that provided mental health services. These counties are Chisago, Isanti, Mille Lacs, Pine, Dodge, Rice, Steele, Waseca, Kittson, Mahnomen, Marshall, Norman, Polk, Red Lake, Lyon, Nobles, Ottertail, Becker, Clay, Grant, and Pope. One of the six corporations, the Prairie Net Consortium, indicated that it had various other purposes in addition to providing mental health services, which included purposes such as remaining current on the "technology explosion." The remaining five were devoted almost exclusively to mental health services.

According to those five surveys submitted relating primarily to mental health services, these corporations have the following characteristics:

- All five were created between 1961 and 1967.
- These corporations usually receive less than one-third of their funds from the public entity or entities that created them.
- Four of the corporations have no budget oversight by the creating public entity.
- Two of the corporations have issued debt in the amounts of \$340,447 and \$524,762.

- One of the corporations indicated that it does not have open meetings. The remaining four do not publish or post notice of the meeting time and place and hold their meetings at the mental health center or in a private office or home.
- One of the five mental health corporations is involved in litigation.
- One corporation pays at least one employee a salary in excess of \$120,000 and another corporation pays at least one employee a salary in excess of \$150,000.
- All of the five corporations devoted exclusively to mental health have a significant number of employees. The fewest number of employees at one of these corporations is 21 full-time and 15 part-time employees. The Lakeland Mental Health Center in Otter Tail County has the greatest number of employees with 80 full-time and 46 part-time.

Observations and Recommendations

Most of these mental health corporations have been in existence in excess of 30 years and have a substantial number of employees. At the time of their creation, it is questionable whether counties had the authority to create a private nonprofit corporation for mental health services.¹⁵ However, current Minnesota law authorizes “[a]ny city, county, town, combination thereof, or private nonprofit corporation” to establish community mental health centers.¹⁶ A community mental health center is defined as a “private nonprofit corporation or public agency approved under the rules promulgated by the commissioner.”¹⁷ This present language arguably gives counties the authority to create private nonprofit corporations to operate mental health centers. If this is the case, no legislative action would be necessary.

However, the legislature may choose to define these corporations as “public agencies.” It should be noted that these entities are already extensively regulated by the Department of Human Services and state law.¹⁸

¹⁵ Minn. Stat. Ch. 245 (1961).

¹⁶ Minn. Stat. § 245.62, subd. 1 (1998).

¹⁷ Minn. Stat. § 245.62, subd. 2 (1998).

¹⁸ Minn. Stat. §§ 245.62, 245.66, and 245.69 (1998).

5. **Other Corporations Created by Counties.**

a. Emergency Medical Transportation, Inc.

In 1993, Polk County and the City of Crookston created Emergency Medical Transportation, Inc., an ambulance company. They created it because they thought no private company would replace the ambulance company that was going out of business. However, a new private ambulance company did set up operation, and this corporation was not needed and does not provide any functions. If the legislature determines that this corporation should be dissolved, no action is required because its authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a.

b. Southwestern Minnesota Opportunity Council, Inc.

In 1965, the Counties of Nobles, Rock, Pipestone, and Murray created Southwestern Minnesota Opportunity Council, Inc., a community action agency. The entity received \$3.9 million from other government entities (besides the creating counties) in 1997. The corporation currently has \$148,000 of debt. It did not seek any approval from the counties involved prior to issuance of this debt. The corporation indicates that it holds open meetings, however, it does not post or publish notice of when and where the meetings are held. Two board members are officials of the public entity by virtue of their office. The corporation has 50 full-time employees and 140 part-time employees. The corporation indicates it maintains separate insurance and is bonded. The corporation is involved in litigation in which it is named as a third party defendant.

Under Minnesota law, either a nonprofit agency or a government entity can be designated and act as a community action agency.¹⁹ The entity so designated is required to administer the community action program with a board consisting of, in part, elected public officials.²⁰ Therefore, the presence of elected officials on the board administering the community action programs appear to be authorized by state law. However, nothing in these statutes authorizes the county or counties involved to create a nonprofit corporation.

Based on the surveys received, this is the only community action agency incorporated by the government entities involved. The legislature must determine whether there is a need for this corporation. If the legislature chooses to permit this corporation to continue past July 1, 1999 as a private corporation, it will have to enact legislation. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

¹⁹ Minn. Stat. § 119A.375, subd. 1 (1998).

²⁰ Minn. Stat. § 119A.375, subd. 3 (1998).

If the legislature determines that this corporation should be dissolved, no action is required because its authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a.

c. Fund Raising Corporations - County

Two county-related political subdivisions created fund raising corporations. The Dakota County Agricultural Society created the Dakota City Heritage Village, Inc. in 1994, and the Suburban Hennepin Regional Park District created the Hennepin Parks Foundations, Inc. in 1986. Neither corporation has issued any debt. In 1997, the Dakota City Heritage Village, Inc. raised approximately \$105,000 and the Hennepin Parks Foundation, Inc. raised approximately \$11,600. The Dakota City Heritage Village, Inc. indicates it has one full-time and three part-time employees. The Hennepin Parks Foundation, Inc. has no employees. Both corporations indicate that at least some public entity staff provide service to them and are compensated by the public entity. Both entities have the same mailing address as the public entity that created them and have open meetings for which they post notice. Neither corporation is audited.

A question arises as to whether the Dakota County Agricultural Society or the Suburban Hennepin Regional Park District have the authority to engage in other fund raising activities, such as actively soliciting gifts. If they have such authority, then there is no need to create a corporation to engage in these other activities. Therefore, no legislative action is required because the authority of the corporations created by these entities to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a. However, if Dakota County Agricultural Society or the Suburban Hennepin Regional Park District lack the authority to engage in these other fund raising activities, it may be appropriate for a separate, not for profit entity to engage in such activities.²¹

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or

²¹ Presumably, most corporations engaged in fund raising activities are not for profit corporations, thus allowing donors to receive an income tax deduction for their contributions. However, pursuant to Internal Revenue Code Section 170(c)(1), a state or any of its political subdivisions can be considered a qualified charitable organization if the gifts it receives are used exclusively for public purposes. Therefore, it is not necessary for a county to create a not for profit corporation as a tax incentive for potential donors.

- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; and (2) discontinue providing public resources to the private entity without consideration and appropriate contractual arrangements.

d. Family Service Collaborative

Cass County and a number of other public entities joined together and created the Cass County Leech Reservation Family Services Collaborative. This collaborative incorporated in 1994. Family service collaboratives are authorized by Minn. Stat. § 124D.23. Under this statute, the collaborative is simply an agreement between certain public and non public entities to provide coordinated family services and commit resources to an integrated fund. The OSA found no authority under current law which would authorize the incorporation of a collaborative. There are a number of family service collaboratives throughout the state operating as non-corporate entities. It is unclear why this particular collaborative chose to incorporate.

If the legislature decides to authorize collaboratives to incorporate, legislation is needed. In order to ensure public oversight, integrity, and accountability of incorporated collaboratives, the legislature should consider the following:

- The powers and limitations of the corporation;
- Whether the corporation is empowered to issue debt, and if so, what limitations exist, what process needs to be followed, and whether the approval of the public entity is needed;
- The relationship between the public entities and the corporation, including whether the governing boards of the public entities serve on or appoint the members of the corporation's governing board, whether the public entities approve the budget of the corporation, and whether the public entities have any veto power over the corporation's activities; and
- Whether laws applicable to "public entities" should be applicable to the corporation. See Exhibit F.

In the event the legislature concludes that this corporation should cease operating as a public corporation, no action with regard to this corporation is necessary because its authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a.

B. CITIES.

1. Cable Public Access.

The survey responses indicate that 39 cities incorporated 11 entities to operate public access cable stations.²²

Currently, under state laws, cities have statutory authority to own and operate their own cable systems.²³ Cities also have the statutory authority to create joint cable communication commissions.²⁴ The OSA has been unable to find any statutory authority that would authorize cities to create corporations to operate their public access systems.

Under current Minnesota law, each city is permitted to require a franchising fee from the cable company that is granted an exclusive franchise within the city's limits. The city can also require a cable company to operate a public access channel, or require payments from the cable company in lieu of the public access being operated by the cable company itself. When cities create a corporation to operate the public access system, the public entities often assign the franchise fee or the payment in lieu of cable operation directly to the corporation. Because the franchise fee is part of the amount that cable subscribers pay for cable service, a number of the corporations responding to the OSA's survey characterized the receipt of these funds as private monies. Others characterized these amounts assigned by the municipality as public funds.

According to the 11 surveys relating to the operation of city cable public access, these corporations have the following characteristics:

- Eight of the 11 corporations were created in the 1980s.
- Three of the 11 cable corporations have issued debt. As of December 31, 1997, only the Northern Dakota Community Television Corporation had outstanding debt in the amount of \$299,665. The Northern Dakota Community Television Corporation indicated it received municipal approval before issuing debt.

²² The 39 cities are Andover, Anoka, Champlain, Ramsey, Arden Hills, Falcon Heights, Lauderdale, Little Canada, Mounds View, New Brighton, North Oaks, Roseville, St. Anthony, Shoreview, Bayport, Oak Park, Stillwater, Bloomington, Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, Maple Grove, New Hope, Osseo, Plymouth, Robbinsdale, Fergus Falls, Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, West St. Paul, Minneapolis, Moorhead, St. Paul, and Shakopee.

²³ See Minn. Stat. §§ 238.08, subd. 3 and 465.70 (1998).

²⁴ Minn. Stat. §§ 238.08, subd. 5 and 471.59 (1998).

- The two largest cable corporations, Northwest Suburbs Community Access Corporation and Cable Access - Saint Paul, Inc. received in franchise fees \$1,937,942 and \$844,735, respectively, in 1997.
- Only two of the 11 corporations had no employees at all (Shakopee Community Access Corporation and Moorhead Community Access Television). The two corporations having the most employees were the Northwest Suburbs Community Access Corporation with 32 full-time employees and 24 part-time employees and the Cable Access - Saint Paul, Inc. with 14 full-time and 6 part-time employees.
- In six of the 11 corporations, a majority of the board of directors is either made up of or is appointed by the municipal city council members involved.
- The six corporations with the most employees have various pension arrangements. The 32 full-time employees of Northwest Suburbs Community Access Corporation are members of the Public Employees Retirement Association (PERA). The 26 full-time employees of the Cable Access - Saint Paul, Inc. and the Northern Suburban Access Corporation have a corporate pension plan in place. The 25 full-time employees of the Minneapolis Telecommunications Network and the Quad Cities Community Access Corporation have no pension coverage.
- Four of the 11 cable access corporations indicate that they have no contract with the municipal entity or entities that they serve.

Observations and Recommendations

Several of the public access cable corporations indicated that they needed to exist because of First Amendment concerns. These corporations maintain that a city council should not act as "gate keeper" for those persons or groups wishing to present programs on the public access cable channel. These corporations assert that by creating a corporation, the city council removes itself from that decision making process and depoliticizes the process. However, as previously indicated, in six of the 11 corporations created, a majority of the board of directors is either made up of or is appointed by the municipal city council members involved. Further, in eight of the 11 corporations, the city councils review and approve the budget.

Cities are currently authorized by law to create a cable access commission to operate the cable access channel. To the extent that First Amendment concerns requires removal of city council control over access to the public access channel, the same can be easily and more effectively achieved through the use of a public access commission comprised of non-city council members.

The funds they receive are almost totally public funds, i.e., amounts owed to the cities involved as franchise fees or as payments in lieu of a public access channel provided by the cable company. Though some do obtain funds by selling advertising space on public access channels, the majority of the funds received by these corporations has been assigned to them by the cities involved.

The threshold question that must be resolved by the legislature is whether cities should be allowed to create public access cable corporations.

If the legislature decides to authorize cities to create corporations to operate their cable public access, legislation is needed. In order to ensure public oversight, integrity, and accountability of these corporations, the legislature should consider the following:

- The powers and limitations of the corporation;
- Whether the corporation is empowered to issue debt, and if so, what limitations exist, what process needs to be followed, and whether the approval of the public entity is needed;
- The relationship between the public entity and the corporation, including whether the governing board of the public entity serves on or appoints the members of the corporation's governing board, whether the public entity approves the budget of the corporation, and whether the public entity has any veto power over the corporation's activities; and
- Whether laws applicable to "public entities" should be applicable to the corporation. See Exhibit F.

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

2. Economic Development.

Seven cities created corporations for the purposes of economic development. These cities are Bagley, Fergus Falls, Montevideo, Morgan, Osakis, Two Harbors, and Storden. In addition, corporations were created by the Minneapolis Community Development Association (MCDA) and the Cook County Grand Marais Economic Development Authority (EDA).

Minnesota Statutes allow cities to create EDAs and set forth the powers and limitations of these entities.²⁵ Limitations on an EDA's authority to issue debt are set forth generally in Minn. Stat. §§ 469.102-.103.

Seven cities reported that, rather than creating an EDA as authorized under Minnesota law, they instead created a corporation to engage in economic development within their city. Additionally, the MCDA and the Cook County/Grand Marais EDA also created corporations to engage in economic development. Although cities have the authority to create EDAs, the OSA is unable to find any statutory authority, express or implied, that would permit cities or EDAs to create private corporations to engage in economic development.

According to the nine surveys relating to economic development corporations, these corporations have the following characteristics:

- One corporation was created in the 1950s, one corporation was created in the 1970s, five were created in the 1980s, and two were created in the 1990s.
- Though almost all of the stated purposes of the corporations were to further economic development, some of these corporations had specific purposes, such as creating 2,000 jobs by the year 2000 or achieving "star city" status. Other cities had such general purposes as "promoting general welfare." The corporation created by the MCDA indicated that it was certified as a SBA development corporation thereby qualifying it to participate in a SBA lending program.
- Two of the nine corporations have issued debt. The Storden Development Corporation has issued \$200,000 in debt backed by the full faith and credit of the city of Storden. The Minneapolis Economic Development Corporation has issued over \$17 million in debt. This corporation indicated it received the approval of the MCDA prior to issuance of the debt.
- City money appropriated to these corporations range from no funds received by the Montevideo Community Development Corporation in 1997 to \$1.6 million and \$1.5 million received by the Minneapolis Economic Development Company and the Osakis Economic Development Corporation, respectively, in 1997.
- Two of the nine corporations indicate that they do not have open meetings.
- Five of the nine corporations indicate that they have no employees. For these corporations, city staff provides the services. Of the remaining four corporations, one reported it had two part-time employees, one reported it had one full-time and one part-time employee, one reported it had one full-time employee, and one reported it had three full-time employees and one part-time employee.

²⁵ Minn. Stat. §§ 469.090-.108 (1998).

Observations and Recommendations

The legislature has granted cities the broad authority to be involved in economic development. This activity is primarily done through the city EDA. Over half of these corporations have no employees, instead, city staff work on the activities of the corporation. The two corporations that indicate they are the most successful at raising funds, the Minneapolis Economic Development Company and the Osakis Economic Development Corporation, each raise over \$1 million a year in private funds. It should also be noted that they have very little representation of the public body on their governing board.²⁶ These two corporations could easily continue as private entities since they receive nearly all private funds at this time and have very little involvement of the local governing body on their governing board.

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

3. Housing Corporations.

Eleven cities created seven corporations for purposes related to housing. These cities are Crystal, Brooklyn Center, Brooklyn Park, New Hope, Robbinsdale, Clarrissa, Coon Rapids, Duluth, Heron Lake, Roseville, and Willmar. The seven corporations created by these eleven cities all indicate that their purpose relates to the creation or management of housing within the cities involved.

Cities have broad authority to provide housing in their communities through housing and redevelopment authorities (HRAs).²⁷ Despite a broad grant of authority to HRAs under Minn. Stat. Ch. 469, there is no express or implied authority for cities or their HRAs to, in turn, create private corporations to be involved in housing.

²⁶ The Minneapolis Economic Development Company has two representatives of the MCDA's governing body on its board (one appointed) and the Osakis Economic Development Corporation has one person on its board by virtue of public office.

²⁷ Minn. Stat. §§ 469.001-.047.

According to the seven surveys relating to city housing corporations, these corporations have the following characteristics:

- All but four of the corporations have issued debt.
- The largest amount of debt was incurred by the city for the Coon Rapids Mortgage Assistance Corporation. The city indicated that it originally issued \$45 million in debt in 1979, "refunded in 1984 at \$12,220,000."
- Two of the corporations have become limited partners in limited partnerships. The Duluth Housing Trust Fund has become a limited partner in the Duluth Housing Trust Fund Limited Partnership. The two main projects of this limited partnership are United Cerebral Palsy and the Women's Transitional Housing. The Duluth Housing Trust Fund indicates that, through its participation as a limited partner, it receives 5% of the captured tax increment of the limited partnership. The Valleyside Townhomes, LLC, created by the Willmar HRA, also participates in a limited partnership which has guaranteed a construction loan.
- One of the seven corporations does not have public meetings and two others indicate that they do have open meetings but do not post or publish notice of the meetings.
- Six corporations have their services provided by city officials and city employees. The Heron Lake Economic Development Corporation has one part-time employee.
- One of the corporations indicated that it formed a corporation to become a limited partner to obtain section 42 low income housing credits. This corporation indicated that the Minnesota Housing Finance Agency gives preference to projects with local public entities as the owner.
- The Roseville Local Development Corporation indicated that when it was created in 1987, the City of Roseville had determined that HUD rules hindered the city's ability to effectively compete for CDBG money. Since this corporation has neither received nor expended any public or private funds in 1996 and 1997, it appears that, despite the original motives for creating the corporation, it now serves no function.

Observations and Recommendations

The legislature has granted broad authority to cities to be involved in low income and moderate income housing within the city limits. This activity is done through the city HRA. Under current law, there is no authority for the cities or their HRAs to create corporations. With the exception of one part-time employee, the corporations have their services provided by city officials and city employees. The City of Coon Rapids has issued extensive debt on behalf of the Coon Rapids Mortgage Assistance Corporation.

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

4. Nursing Home/Mental Health.

a. Nursing Home - City of Clarissa

In 1978, the City of Clarissa established the Central Todd County Care Center as a nonprofit corporation. This corporation provides nursing home services. It currently has outstanding debt of \$964,837. The corporation received \$2,469,312 in public and private funds in 1997. The city does not review or approve the corporation's annual budget or expenditures. The corporation's meetings are closed to the public. The corporation has 45 full-time and 65 part-time employees. The corporation does not formally bid its contracts.

Cities such as Clarissa may establish and operate a nursing home under Minn. Stat. § 447.41. The nursing home they establish would be subject to all the laws that the city itself is subject to, including the open meeting law, the data practices act, etc. There is no statutory authority for the city to operate a private corporation such as the Central Todd County Care Center.

If the legislature chooses to permit this corporation to continue past July 1, 1999 as a private corporation, it will have to enact legislation. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

If the legislature determines that this corporation should be dissolved, no action is required because its authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a.

b. Mental Health Services

The City of Coon Rapids incorporated the North Suburban Counseling Center in 1985. The purpose of this corporation is to provide counseling services, fund raising, and low cost mental health services. No debt has been issued by this corporation. Last year the

corporation received \$21,000 from the City, \$122,854 from other governmental sources, and \$135,829 from private sources. This corporation does not have an annual audit. The corporation's meetings are closed to the public. The corporation has five full-time and three part-time employees. Only one public official sits on the corporate board by virtue of his/her office. The City does not appoint or approve the corporate board members.

At the time of their creation, it is questionable whether cities had the authority to create a private nonprofit corporation for mental health services.²⁸ However, current Minnesota law authorizes "[a]ny city, county, town, combination thereof, or private nonprofit corporation" to establish community mental health centers.²⁹ A community mental health center is defined as a "private nonprofit corporation or public agency approved under the rules promulgated by the commissioner."³⁰ This present language arguably gives cities the authority to create private nonprofit corporations to operate mental health centers. If this is the case, no legislative action would be necessary.

However, the legislature may decide to define the corporations created by public entities as "public agencies." It should be noted that these entities are already extensively regulated by the Department of Human Services and state law.³¹

5. Tourism.

Five cities have created corporations to promote tourism or conventions. These cities are Albert Lea, Bloomington, Hinckley, Minneapolis, and Richfield. These five cities created their respective corporations between 1987 and 1995.

Pursuant to Minnesota law, statutory cities may establish and maintain a bureau of information and publicity for the purposes of furnishing information to tourists and circulating information regarding recreational facilities, businesses and industrial conditions of the community.³² Cities may levy a tax for publicity or advertising purposes.³³ Minnesota law allows cities to impose a local lodging tax of up to three percent on most hotels, motels, rooming houses, tourist courts, or resorts.³⁴ A city that

²⁸ Minn. Stat. Ch. 245 (1961).

²⁹ Minn. Stat. § 245.62, subd. 1 (1998).

³⁰ Minn. Stat. § 245.62, subd. 2 (1998).

³¹ Minn. Stat. §§ 245.62, 245.66, and 245.69 (1998).

³² Minn. Stat. § 469.186 (1998).

³³ Minn. Stat. §§ 469.187-.189 (1998).

³⁴ Minn. Stat. § 469.190, subd. 1 (1998).

imposes such a lodging tax is required to use ninety-five percent of the proceeds to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center.³⁵

According to the five surveys relating to tourism, these corporations have the following characteristics:

- All of the corporations receive both public and private funds, except for the Bloomington Convention and Visitors Bureau, which receives only public funds. With regard to the four corporations that receive some private funds, each has revenue that consists predominantly of public funds contributed by the cities that created them.
- With the exception of the Greater Minneapolis Convention and Visitors Association, none of the corporations have incurred any debt.³⁶
- Each corporation has employees, except for the Richfield Tourism Promotion Board. The Hinckley Convention and Visitors Bureau has one full-time employee and the Albert Lea Convention and Visitors Bureau has one full-time and one part-time employee. The Bloomington Convention and Visitors Bureau has 11 full-time and four part-time employees. The Greater Minneapolis Convention and Visitors Association has 35 full-time and 8 part-time employees.
- The highest paid officer or employee of the Bloomington Convention and Visitors Bureau receives compensation in excess of \$100,000 per year and the highest paid officer or employee of the Greater Minneapolis Convention and Visitors Association receives compensation in excess of \$120,000 per year.
- All of the cities, except Hinckley, review or approve the budget or expenditures of the corporation it created.
- All of the cities have officials that either serve on or appoint members to the corporation's board of directors.
- While each corporation states that its meetings are open to the public, it appears that these corporations do not comply with the requirements of the Minnesota open meeting law.

³⁵ Minn. Stat. § 469.190, subd. 3 (1998). This subdivision does not apply to any city with a lodging tax authorized by special law or enacted prior to 1972. *Id.*

³⁶ The Greater Minneapolis Convention and Visitors Association incurred debt with approval from the City of Minneapolis. As of December 31, 1997, it had outstanding debt of \$589,419.

- Each corporation has an annual audit by a certified public accountant, except for the Richfield Tourism Promotion Board.
- Except for the Richfield Tourism Promotion Board, each corporation has an address that is separate from that of the city that created it.
- The Albert Lea Convention and Visitors Bureau, the Bloomington Convention and Visitors Bureau, and the Greater Minneapolis Convention and Visitors Association each have written contracts with the cities that created them.

Observations and Recommendations

Minnesota law gives a city the authority to establish and maintain a bureau of information and publicity for the purpose of furnishing information to tourists and to fund a local convention or tourism bureau. However, it does not authorize a city to create a convention or tourism bureau in the form of a for profit or not for profit corporation. Only 5 of 855 cities have created a corporation to perform these activities. Cities are statutorily authorized to perform these activities and there is no indication that cities cannot otherwise perform these activities adequately.

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

6. Sporting/Recreation/Operation of Community Center.

Five corporations have been created by cities for various purposes related to sports or recreation. These are the Benson Civic Center Board, the Minneapolis Municipal Athletes Association, the Perham Lakeside Country Club, the Perham Area Community Center, and the St. Hilaire Community Center. They were incorporated between 1936 and 1993.³⁷ Their functions include managing a

³⁷ The Minneapolis Municipal Athletes Association was incorporated in 1936, the Perham Lakeside Country Club was incorporated in 1962, and the remaining three were incorporated between 1988 and 1993. According to the Minnesota Secretary of State, the Perham Lakeside Country Club was statutorily dissolved on December 31, 1997.

hockey arena, running an athletic league, operating a multi-purpose community center, managing a public golf course, and offering recreational programs for children.

Pursuant to Minnesota law, any city may operate a program of public recreation, may acquire, equip, and maintain land, buildings, or other recreational facilities, and may issue bonds and expend funds to operate such programs and facilities.³⁸ The city may operate the program and facilities directly or establish a recreation board to operate them.³⁹ Any city operating a program of public recreation may acquire or lease, equip, and maintain land, buildings, and other recreational facilities, including swimming pools, skating rinks and arenas, athletic fields, golf courses, concert halls, museums, and facilities for other kinds of athletic or cultural participation.⁴⁰

Minnesota law specifically allows a city to cooperate with a nonprofit organization in operating such programs or to delegate the operation of such programs to a recreation board, which may in turn support or cooperate with a nonprofit organization.⁴¹ Such a nonprofit corporation may conduct its activities on its own property, on other public property with consent of the public entity that has custody of the property, or on private property with consent of the owners.⁴²

According to the five surveys relating to sporting, recreation, and the operation of a community center, these corporations have the following characteristics:

- The revenues of the corporations consist entirely of private funds, except for the Perham Area Community Center, which receives over 85% of its revenues from private sources and the remainder of its revenues from the City of Perham.

³⁸ Minn. Stat. § 471.15 (1998).

³⁹ *Id.*

⁴⁰ Minn. Stat. § 471.191, subd. 1 (1998).

⁴¹ Minn. Stat. § 471.16, subd. 1 (1998).

⁴² Minn. Stat. §§ 471.17(1)-(3) (1998). The corporation is also authorized to accept gifts and bequests for the benefit of the recreational service and to employ directors and instructors of recreational work. Minn. Stat. § 471.17(4) (1998). Any public facilities to be operated by a nonprofit corporation may be leased to the corporation with provisions permitting the corporation to construct and equip the facilities without advertisement for bids and allowing the corporation an option to renew the lease or purchase the property, as long as the lease payments or the purchase price are sufficient to repay any bonds issued by the city to acquire or improve the facilities. Minn. Stat. § 471.191, subd. 1 (1998).

- Three of the corporations had outstanding debt as of December 31, 1997.⁴³ Of these three, the Benson Civic Center Board did not obtain approval of the City of Benson prior to incurring this debt.
- The same three corporations also have employees, most of whom are part-time.⁴⁴
- None of the cities provide services to the corporations that they created, except for the Minneapolis Municipal Athletes Association.
- Three of the corporations have boards of directors which have no city officials serving among or appointing their members. Additionally, only one city official serves on the board of directors of the Benson Civic Center Board and the Perham Area Community Center.
- All of the corporations indicate that they hold meetings that are open to the public. However, only the Benson Civic Center Board and the St. Hilaire Community Center post notice of these meetings.
- All of the corporations are either audited annually by a certified public accountant or are included in the audited financial statements of the city that created them.
- Except for the Minneapolis Municipal Athletes Association, all of the corporations have addresses that are separate from that of the cities that created them.
- The Perham Lakeside County Club, the Perham Area Community Center, and the St. Hilaire Community Center each have written contracts with the cities that created them.

Observations and Recommendations

While Minnesota law authorizes cities to cooperate with and support not for profit corporations that operate recreational programs and facilities, it does not explicitly authorize cities to create not for profit corporations for these purposes. Only 4 of 855 cities have actually created such corporations. Therefore, the legislature should determine whether cities should be authorized to create corporations to operate recreational programs and facilities.

⁴³ The Benson Civic Center Board reported debt of \$53,911, the Perham Area Community Center reported debt of \$15,000, and the Perham Lakeside Country Club reported debt of \$121,500. In addition, the City of Perham has incurred additional debt of \$1,060,000 for the benefit of the Perham Community Center and \$422,500 for the benefit of the Perham Lakeside Country Club.

⁴⁴ The Benson Civic Center Board has one part-time employee, the Perham Area Community Center has 5 full-time and 35 part-time employees, and the Perham Lakeside Country Club has two full-time and ten part-time employees.

If the legislature decides to authorize cities to create corporations to operate recreational programs and facilities, legislation is needed. In order to ensure public oversight, integrity, and accountability of these corporations, the legislature should consider the following:

- The powers and limitations of the corporation;
- Whether the corporation is empowered to issue debt, and if so, what limitations exist, what process needs to be followed, and whether the approval of the public entity is needed;
- The relationship between the public entity and the corporation, including whether the governing board of the public entity serves on or appoints the members of the corporation's governing board, whether the public entity approves the budget of the corporation, and whether the public entity has any veto power over the corporation's activities; and
- Whether laws applicable to "public entities" should be applicable to the corporation. See Exhibit F.

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

7. Fund Raising

Six corporations have been created by cities for fund raising purposes. These are the Minneapolis Convention Fund, the Minneapolis City Hall Committee, Richfield's Friends of Wood Lake Nature Center, Sauk Centre's St. Michael's Hospital Foundation, the Willmar Rice Memorial Hospital's Rice Health Foundation, and the Swift County-Benson Hospital Foundation. The Minneapolis City Hall Committee was incorporated in 1981, but is currently inactive.⁴⁵ The other five entities were incorporated between 1986 and 1994 and will be reviewed in this section.

⁴⁵ The Minneapolis City Hall Committee is currently inactive. As a result of its inactive status, it will not be discussed further in this section.

Pursuant to Minnesota law, a city may accept a grant or devise of real or personal property and maintain such property for the benefit of its citizens in accordance with the terms prescribed by the donor.⁴⁶ Every such acceptance shall be, by resolution of the governing body, adopted by a two-thirds majority of its members.⁴⁷ Cities may also accept gifts to aid in building, acquiring, equipping, or maintaining public hospitals.⁴⁸

According to the surveys of the five active corporations relating to fund raising, these corporations have the following characteristics:

- The revenue of these corporations consists entirely of private funds.
- None of the corporations have incurred any debt.
- None of the corporations have any employees and all of the corporations except for Swift County-Benson Hospital Foundation have services that are performed by city officers or employees.
- With the exception of the Minneapolis Convention Fund and Swift County-Benson Hospital Foundation, each corporation has a board of directors that consists entirely of city officials or those appointed by the city.
- Only the City of Richfield and Swift County-Benson Hospital Foundation review or approve the budget or expenditures of the corporations that they created.
- The Willmar Rice Memorial Hospital's Rice Health Foundation does not hold meetings that are open to the public. While the other four corporations represent their meetings as open, only Richfield's Friends of Wood Lake Nature Center posts notice of such meetings.
- Sauk Centre's St. Michael's Hospital Foundation does not have an annual audit by a certified public accountant. However, the other corporations are audited.
- The Minneapolis Convention Fund, Richfield's Friends of Wood Lake Nature Center, and Swift County-Benson Hospital Foundation have addresses that are separate from those of the cities that created them.
- None of the corporations have a written contract with the public entity that created them, except for the Rice Health Foundation, which has a written contract with the Willmar Rice Memorial Hospital.

⁴⁶ Minn. Stat. § 465.03 (1998).

⁴⁷ *Id.*

⁴⁸ Minn. Stat. § 465.036 (1998).

Observations and Recommendations

Minnesota law specifically authorizes any city to accept gifts. However, current law does not give cities the authority to create a corporation to accept such gifts. Only the governing body of a city is authorized to accept gifts on behalf of the city.

A question arises as to whether a city has the authority to engage in other fund raising activities, such as actively soliciting gifts. If a city has such authority, then there is no need to create a corporation to engage in these other activities, especially since these corporations have no employees and all of the corporations' services are performed by city officers or employees, with the exception of Swfit County-Benson Hospital Foundation. Therefore, no legislative action is required because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a. However, if a city lacks the authority to engage in these other fund raising activities, it may be appropriate for a separate, not for profit entity to engage in such activities.⁴⁹

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; and (2) discontinue providing public resources to the private entity without consideration and appropriate contractual arrangements.

8. Other Corporations Created by Cities.

There are 18 other corporations that have been created by seven cities. These cities, the corporations created, and the stated purposes for creating such corporations are as follows:

<u>City</u>	<u>Corporation</u>	<u>Stated Purpose(s)</u>
Bagley	Bagley Industrial Development Corporation	Create industrial park
Prinsburg	Prinsburg Fire Department	Operate joint city/town fire department
Sartell	Sartell-Le Sauk Government Center, Inc.	Construct joint city/town fire station

⁴⁹ Presumably, most corporations engaged in fund raising activities are not for profit corporations, thus allowing donors to receive an income tax deduction for their contributions. However, pursuant to Internal Revenue Code Section 170(c)(1), a state or any of its political subdivisions can be considered a qualified charitable organization if the gifts it receives are used exclusively for public purposes. Therefore, it is not necessary for a city to create a not for profit corporation as a tax incentive for potential donors.

St. Paul	St. Paul Riverfront Corporation	Redevelop riverfront
St. Paul	St. Paul Workforce Development Council, Inc.	Develop jobs/employment
St. Paul Port Authority	Capital City Properties	Own/operate repossessed real estate and businesses
Minneapolis	Community Action of Minneapolis	Fund raising; economic development
Minneapolis	Downtown Minneapolis Transportation Management Organization	Provide transportation networks
Minneapolis	Minneapolis Public Library Foundation	Fund raising ⁵⁰
Minneapolis	Minneapolis Initiative Against Racism	Develop anti-discrimination programs and activities
Minneapolis	Friends of CUE	Educational purposes
Minneapolis	Corner House	Operate program for abused children
Minneapolis	Minneapolis Police Athletic League	Develop youth programs
Springfield	Springfield Medical Services, Inc.	Recruit/retain physical therapists and operate health club
Willmar	Rice Home Medical, LLC	Sell/rent home medical supplies
Willmar	Shared Health Resources, LLC	Rent space to hospital and clinic
Willmar	Willmar Surgery Center, L.L.P.	Operate outpatient surgical facility
Willmar	Allied Power, LLC	Provide joint city/county utility services

- a. The Bagley Industrial Development Corporation was created in 1959 and it continues to receive revenue, consisting mainly of public funds.⁵¹ It has no debt. It has no employees, but has one city official on its board of directors. It holds open meetings and posts and publishes notice of such meetings. Its financial information is included in the City's annual audit. There does not appear to have been any authority for the creation of this corporation. This corporation was created 40 years ago for the sole purpose of developing an industrial park.
- b. The corporations created by Prinsburg and Sartell were joint endeavors with towns. Both of these corporations receive revenues that consist only of public funds. While the Prinsburg Fire Department has not issued any debt, the Sartell-Le Sauk Government Center issued debt in order to finance construction of a fire station. Neither corporation has employees. The majority of the boards of directors of both corporations consist of elected officials from the cities and towns that created the corporations. Both cities review or approve the budget or expenditures of the corporations they created. Both corporations post notice of their meetings, which are open to the public. Neither corporation has an annual audit. Both corporations have the same address as the cities that created them.

While these cities apparently determined that it was necessary to work with a nearby town to accomplish a particular goal, there is no explicit authority to create a corporation for this purpose. Furthermore, Minnesota law specifically allows for a joint exercise of powers.⁵²

⁵⁰ The Minneapolis Public Library Foundation was incorporated in 1994 and is currently inactive. There is no separate analysis of this corporation.

⁵¹ 1996 - \$5,000; 1997 - \$15,000.

⁵² See, e.g., Minn. Stat. § 471.59 (1998).

- c. The two corporations created by St. Paul engage in riverfront redevelopment and job development, while the corporation created by the St. Paul Port Authority owns and operates repossessed real estate and businesses. These three corporations were created between 1985 and 1991.

The St. Paul Riverfront Corporation has revenues consisting entirely of private funds. Capital City Properties receives both public and private funds, although the public funds account for less than 1% of revenues. The St. Paul Workforce Development Council, Inc. receives both public and private funds, the majority of revenues being received from the City. None of the corporations have incurred any debt. However, St. Paul has issued revenue bonds in the amount of \$27.9 million for the benefit of Capital City Properties.

While the St. Paul Riverfront Corporation and the St. Paul Workforce Development Council, Inc. have five full-time and three full-time employees, respectively, Capital City Properties has 310 full-time and 15 part-time employees. The highest paid officers or employees of the St. Paul Riverfront Corporation and Capital City Properties both earn in excess of \$100,000 per year.

All three corporations maintain separate liability insurance. The chief financial officer of each corporation is bonded.

The St. Paul Riverfront Corporation and the St. Paul Workforce Development Council, Inc. have addresses that are separate from the City of St. Paul, while Capital City Properties has the same address as the St. Paul Port Authority. Agreements with the St. Paul Workforce Development Council, Inc. and Capital City Properties are memorialized in written contracts and the St. Paul Riverfront Corporation's agreement with the City of St. Paul is memorialized in its articles of incorporation.

- d. The corporations created by the City of Minneapolis engage in a wide variety of activities, including fostering community action, providing transportation networks, eliminating racism, promoting educational purposes, operating a program for abused children, and developing youth programs to reduce juvenile crime. These corporations were created between 1979 and 1996.

The Minneapolis Initiative Against Racism, the Friends of CUE, and the Minneapolis Public Library Foundation have revenues that consist solely of private funds. The rest of the corporations receive both public and private funds. None of the corporations have incurred any debt, except for the Minneapolis Initiative Against Racism.⁵³

⁵³ This debt, which totaled \$10,000 as of December 31, 1997, was not authorized in advance by the City of Minneapolis.

The Minneapolis Initiative Against Racism and Friends of CUE have no employees. The Downtown Minneapolis Transportation Management Organization has three full-time and three part-time employees and the Minneapolis Police Athletic League has five full-time and one part-time employees. Corner House has nine full-time and two part-time employees. Community Action of Minneapolis has 35 full-time and seven part-time employees. City staff provide services to Friends of CUE.

Community Action of Minneapolis and Friends of CUE have the same address as the City of Minneapolis, while the other corporations have a different address. Only Corner House has a written contract with the City of Minneapolis.

Many of these corporations appear to have been created by one or more departments within the City of Minneapolis. Moreover, the employees of these corporations contribute to public pension plans.

- e. The City of Springfield has created Springfield Medical Services, Inc. This corporation was created in 1991 to recruit and retain physical therapists and to reopen a health club. As of January 1, 1998, the corporation's sole function is to operate the health club. Its revenues consist solely of private funds generated from physical therapy services provided to patients. The corporation has no debt, although the survey indicated that a loan from the public hospital has been repaid.

The corporation does not have any public officials serving on or appointing members to its board of directors. Nonetheless, the corporation's budget and expenditures were formerly reviewed and approved by the public hospital and are currently reviewed by the City. The corporation is audited annually by a certified public accountant, and the audit is included in the City's financial statements. The corporation has the same address as the City's public hospital; however, there is no written contract between the corporation and either the public hospital or the City. The corporation has seven part-time employees.

- f. The City of Willmar has created three corporations related to the Willmar Rice Memorial Hospital. These corporations are Rice Home Medical, LLC, Shared Health Resources, LLC, and Willmar Surgery Center, LLP. These corporations were incorporated between 1986 and 1998. The corporations sell and rent home medical supplies, rent clinic space to the hospital to carry out education and rehabilitation programs, and operate an outpatient surgery center.

Rice Home Medical, LLC and Willmar Surgery Center, LLP receive only private funds. However, Shared Health Resources, LLC receives rental payments from the Willmar Rice Memorial Hospital. All three of the corporations have incurred debt.⁵⁴ Although Rice Home Medical, LLC had no outstanding debt as of December 31, 1997, Shared Health Resources,

⁵⁴ Rice Home Medical, LLC did not obtain the approval of the Willmar Rice Memorial Hospital or the City of Willmar prior to incurring this debt.

LLC had debt in excess of \$2,500,000 and Willmar Surgery Center, LLP had debt of approximately \$780,000.

While Rice Home Medical, LLC has 24 full-time and 4 part-time employees, the other two corporations have no employees. All three corporations receive services from the Willmar Rice Memorial Hospital. None of the corporations have their budgets reviewed or their expenditures approved by the Willmar Rice Memorial Hospital or the City of Willmar. A majority of the members of the three corporations' boards of directors are either public officials or appointed by public officials. However, none of the corporations hold meetings that are open to the public.

All three corporations are annually audited by a certified public accountant. Only Shared Health Resources, LLC has the same address as the Willmar Rice Memorial Hospital. All three corporations have written contracts with the Willmar Rice Memorial Hospital or the City of Willmar.

- g. The City of Willmar's municipal utility has also created a corporation called Allied Power, LLC. This corporation was created in 1997 to provide utility services and carry out the joint activities of the City's municipal utility and Kandiyohi County's power cooperative. The corporation had no revenue in 1997, nor has it incurred any debt. The corporation has no employees, and services are provided by the City. The City employees providing these services receive no additional compensation. The corporation's entire board of directors consists of public officials or those appointed by public officials. The corporation's budget and expenditures are not reviewed or approved by the City, and it does not comply with the open meeting law. The corporation does have an annual audit performed by a certified public accountant; however, this audit is not provided to the City. The corporation maintains a separate address from the public entity and does not have a written contract with the City.

1996 Minn. Laws, Ch. 300 explicitly authorizes the involved utilities to create this corporation. Since it was created pursuant to explicit statutory authority, no action by the legislature is needed. This corporation will continue to be authorized after July 1, 1999.

Observations and Recommendations

With the exception of the Allied Power LLC, discussed in (g) above, the legislature must determine whether there is a need for the remaining seventeen corporations to continue to exist. In the event the legislature concludes that any of these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or

- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; (2) discontinue providing public resources to the private entity without consideration; and (3) limit its interaction with the private entity to bonafide contractual arrangements.

If the legislature concludes that any or all of these corporations should be permitted to continue as public corporations, current law must be amended to authorize each corporation individually. In order to ensure public oversight, integrity, and accountability of these corporations, the legislature should consider for each corporation the following:

- The powers and limitations of the corporation;
- Whether the corporation is empowered to issue debt, and if so, what limitations exist, what process needs to be followed, and whether the approval of the public entity is needed;
- The relationship between the public entity and the corporation, including whether the governing board of the public entity serves on or appoints the members of the corporation's governing board, whether the public entity approves the budget of the corporation, and whether the public entity has any veto power over the corporation's activities; and
- Whether laws applicable to "public entities" should be applicable to the corporation. See Exhibit F.

C. SCHOOL DISTRICTS

1. Fund Raising.

Five school districts have created corporations for the purpose of fund raising.⁵⁵ These five school districts created the Educare Foundation, the Litchfield Public Schools Foundation, the Thief River Falls Education Foundation, the Roseville Area School District No. 623 Foundation, and the Sartell-St. Stephen Education Foundation, respectively. The corporations were created between 1990 and 1997.

⁵⁵ These school districts are Independent School District No. 77, Mankato; Independent School District No. 465, Litchfield; Independent School District No. 564, Thief River Falls; Independent School District No. 623, Roseville; and Independent School District No. 748, Sartell-St. Stephen.

Pursuant to Minnesota law, a school district may accept a grant or devise of real or personal property and maintain such property for the benefit of its citizens in accordance with the terms prescribed by the donor.⁵⁶ Every such acceptance shall be by resolution of the governing body adopted by a two-thirds majority of its members.⁵⁷

According to the five surveys relating to fund raising, these corporations have the following characteristics:

- None of the corporations receive public funds except for Independent School District No. 77, Mankato; and Independent School District No. 465, Litchfield. The revenues of the rest of these corporations consist entirely of private funds.
- None of the corporations have incurred debt.
- The corporations do not have employees, with the exception of the Thief River Falls Education Foundation, which has one part-time employee.
- The Mankato Educare Foundation and the Roseville Area School District No. 623 Foundation receive services from officials or employees of the school districts that created them.
- The Thief River Falls Education Foundation does not have any school district officials serving on or appointing its board of directors. However, the corporations created by Independent School District No. 77, Mankato, and Independent School District No. 748, Sartell-St. Stephen, both have school district officials serving on their boards of directors. Moreover, the boards of directors of the Litchfield Public Schools Foundation and the Roseville Area School District No. 623 Foundation are appointed entirely by their respective school boards.
- While all of the corporations represent their meetings as open to the public, only the Sartell-St. Stephen Education Foundation posts notice of such meetings.
- The Thief River Falls Education Foundation, the Roseville Area School District No. 623 Foundation, and the Sartell-St. Stephen Education Foundation have annual audits by certified public accountants.
- Except for the Thief River Falls Education Foundation, all of the corporations have addresses that are the same as the school districts that created them.
- None of the corporations have written contracts with the school districts that created them.

⁵⁶ Minn. Stat. § 465.03 (1998).

⁵⁷ *Id.*

Observations and Recommendations

Minnesota law specifically authorizes any school district to accept gifts. However, current law does not give school districts the authority to create a corporation to accept such gifts. Only the governing body of a school district is authorized to accept gifts on behalf of a school district.

A question arises as to whether a school district has the authority to engage in other fund raising activities, such as actively soliciting gifts. If a school district has such authority, then there is no need to create a corporation to engage in these other activities, especially since the corporations have no employees with the exception of one part-time employee. Therefore, no legislative action is required because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a. However, if a school district lacks the authority to engage in these other fund raising activities, it may be appropriate for a separate, not for profit entity to engage in such activities.⁵⁸

In the event the legislature concludes that these corporations should cease operating as public corporations, it could:

- Take no action with regard to these corporations, because their authority to operate will expire on July 1, 1999, pursuant to Minn. Stat. § 465.715, subd. 1a; or
- Enact legislation that will permit these currently existing corporations to continue past July 1, 1999 as private corporations. In order to decrease public liability and foster public integrity, it would be appropriate for the public entity to: (1) discontinue any control over the private entity; and (2) discontinue providing public resources to the private entity without consideration and appropriate contractual arrangements.

2. Other Corporations Created by School Districts.

There are three other corporations created by school districts. These are the Central Minnesota Educational Research and Development Council, incorporated in 1986, the Minneapolis Public Schools Building Corporation, incorporated in 1990, and the Henning Hornets Nest, incorporated in 1998.

⁵⁸ Presumably, most corporations engaged in fund raising activities are not for profit corporations, thus allowing donors to receive an income tax deduction for their contributions. However, pursuant to Internal Revenue Code Section 170(c)(1), a state or any of its political subdivisions can be considered a qualified charitable organization if the gifts it receives are used exclusively for public purposes. Therefore, it is not necessary for a school district to create a not for profit corporation as a tax incentive for potential donors.

According to the three surveys, these corporations have the following characteristics:

- The Central Minnesota Educational Research and Development Council was created in 1965. Eighty-one school districts currently participate in this entity which engages in educational research and development. There are thirty-eight full-time employees of this corporation that are covered by a public employees retirement fund. Although this entity was recognized in 1982 when the legislature gave it authority to issue debt, the OSA is unable to find any authority allowing the entity to incorporate. It appears legislation would need to be enacted to permit this corporation to exist past July 1, 1999.
- Independent School District No. 15, Minneapolis, created the Minneapolis Public Schools Building Corporation to enter into lease-purchase agreements without the school district losing control over the transaction. However, this corporation has never engaged in any activity and, as such, has no revenue or debt. If the lease-purchase agreement is no longer in effect, this corporation may have already been dissolved pursuant to Minn. Stat. § 465.715, subd. 2.
- Independent School District No. 545, Henning, created the Henning Hornets Nest to allow students to run a business as the board of directors. Since the corporation was not created until 1998, it had not yet received any revenues. However, the corporation did incur debt sometime after June, 1998. This debt was not authorized in advance by Independent School District No. 545, Henning. While two school board members serve on the corporation's board of directors, the school board does not appoint any of the corporation's other directors. The corporation has one full-time and six part-time employees. It plans to have annual audits by a certified public accountant. Although it represents that its meetings are open, it does not comply with the Minnesota open meeting law. The corporation has a separate address from the school district. However, the corporation does not have a written contract with the school district. Pursuant to Minn. Stat. § 465.715, this corporation should not have been formed because it was incorporated after June 1, 1997, without explicit authority to do so. Therefore, the legislature should decide the appropriate action regarding this corporation.

VI. SUMMARY

In the past, the question of why local government entities created these private corporations to conduct their business went unanswered. This survey provides some insight. There are a myriad of practical issues created by the practice of public entities creating private corporations. The laws enacted by the legislature to ensure accountability and oversight over the expenditure of public funds are rendered meaningless if government can create a private entity to operate its activities without restriction.

A primary concern when dealing with corporations created by governmental entities is liability. Though a for profit or not for profit corporation is a separate legal entity, the control exercised by the governmental body is often inconsistent with this status, raising a question as to whether tort

liability limitations would apply to the corporation created by a public entity. Potentially, a government entity could be liable for the actions of a corporation it created and controlled without the limitations and protections applicable to government entities. From an audit perspective, the potential legal exposure of a public entity is essential to the fair and accurate presentation of a governmental entity's financial statements. From a practical standpoint, any flexibility and efficiency gained through utilization of a private entity to conduct government business would be lost in the event of protracted litigation on liability issues.

CORPORATIONS: NONPROFIT: OPEN MEETING LAW: Nonprofit corporation organized under Minn. Stat. Ch. 317 to operate mental health service program, as contemplated by Minn. Stat. §§ 245.61 to 245.66 (1984), is probably not subject to Minnesota Open Meeting Law, Minn. Stat. § 471.705 (1984), under facts herein, although should be encouraged to comply.

January 29, 1986

Julius E. Gernes
Winona County Attorney
Court House
Winona, MN 55987

92a-30

Dear Mr. Gernes:

In your letter to Attorney General Hubert H. Humphrey, III, you submit substantially the following:

FACTS

The Hiawatha Valley Mental Health Center is a nonprofit corporation organized under the provisions of Minn. Stat. Ch. 317 to operate a mental health service program, as contemplated by Minn. Stat. §§ 245.61 to 245.66 (1984). It operates this program in the counties of Houston, Wabasha and Winona. The sources of funding for the corporation are as follows: counties - 54%; state - 33%; federal - 1%; McKnight grant - 10%; client fees - 2%.

The by-laws of the corporation provide for a board of directors composed of twelve members selected by the above-named counties. Consistent with the by-laws, the county board of each such county selects one of its own members and three other persons from the county to serve on said board of directors. The board conducts an annual meeting and also meets on a regular basis throughout the year.

You direct attention to the Minnesota Open Meeting Law, Minn. Stat. § 471.705 (1984) which applies, with certain exceptions, to all meetings of "any state agency, board, commission or department when required or permitted by law to transact public business in a meeting, and the governing body of any school district however organized, unorganized territory, county, city, town, or other public body, and of any committee, subcommittee, board, department or commission thereof" Section 471.705, subd. 1.

Given the purpose for which the Hiawatha Valley Mental Health Center was formed, the fact that 88% of its funding is from governmental entities and that its board of directors is appointed by, and in part consists of, county officials, you ask substantially the following:

QUESTION

Under the facts herein, is the Hiawatha Valley Mental Health Center subject to the requirements of the state open meeting law, section 471.705, supra?

OPINION

While we cannot be certain, absent a controlling Minnesota case, whether these facts are sufficient, in and of themselves, to bring the corporation within the scope of the state open meeting law, our review of pertinent cases from other jurisdictions suggests that they probably are not. Accordingly, as so qualified, we answer your question in the negative.

It seems clear that the corporation is not within the purview of that portion of section 471.705, subd. 1, supra, which refers to "any state agency, board, commission or department . . . and the governing body of any school district however organized, unorganized territory, county, city, town, or other public body" The words "other public body" should, in this context, be understood to refer only to other like governmental entities, absent any indication of a contrary legislative intent.

This is consistent with the rule of construction, ejusdem generis, which holds that the word "other" in such

context is to be read as "other such like." See generally 17B Dunnell Minn. Digest 2d Statutes § 5.06 g (3d ed. 1984). Moreover, had the legislature intended to include nonprofit corporations it could have easily manifested that intent.^{1/} Accordingly, if the corporation herein is to be deemed within the purview of this statute, it must be by virtue of that portion thereof which refers to "any committee, subcommittee, board, department or 'commission" of one or more of the specified governmental entities.

^{1/} See, e.g., Minn. Stat. § 13.02, subd. 11 (1984) defining a "political subdivision" for the purposes of the Minnesota Government Data Practices Act:

"Political subdivision" means any county, statutory or home rule charter city, school district, special district and any board, commission, district or authority created pursuant to law, local ordinance or charter provision. It includes any nonprofit corporation which is a community action agency organized pursuant to the economic opportunity act of 1964 (P.L. 88-452) as amended, to qualify for public funds, or any nonprofit social service agency which performs services under contract to any political subdivision, statewide system or state agency, to the extent that the nonprofit social service agency or nonprofit corporation collects, stores, disseminates, and uses data on individuals because of a contractual relationship with state agencies, political subdivisions or statewide systems.

See also Minn. Stat. §144.581 (1984) relating to hospital authorities and providing that the execution of certain functions by corporations established pursuant to the statute are subject to the state open meeting law and the data practices act, as well as the uniform municipal contracting law.

We have found no Minnesota case or prior opinion of this office which has applied this provision in a factual context of the kind involved here, although it has been construed by this office on at least two occasions. In Op. Atty. Gen. 63a-5, December 28, 1966, a planning commission established by a city was held to be a "commission" within the meaning of this provision, and, in Op. Atty. Gen. 10b, July 3, 1975, a number of advisory panels chosen by the staff of the state arts council to assist the council's governing board in making decisions on funding various artistic endeavors were deemed to be committees under said provision. However, nothing in the facts herein compels a conclusion that the corporation in question stands in any such subordinate relationship to the named counties.

The fact that it was formed to operate a mental health service program, as contemplated by sections 245.61 to 245.66, supra, does not necessarily suggest that it functions as a mere subordinate arm of the counties particularly in view of the fact that nonprofit corporations are, themselves, authorized to perform this function independently. See section 245.62, subd. 1, authorizing private nonprofit corporations, as well as cities, counties and towns, to establish community mental health centers. The situation would be different were this purely a county function. See, e.g., Spain v. Louisiana High School Etc.,

398 So.2d 1386 (La. 1981) in which a state association of high schools was held to be a "committee or subcommittee" of local school boards or the state board of education, for purposes of the state open meeting law, because, among other things, it performed a function with respect to interscholastic athletic activities which was, by law, entrusted to those bodies. See also Seghers v. Community Advancement, Inc., 357 So.2d 626 (La. App. 1978) and Hunerjager v. Dixie Elec. Membership Corp., 434 So.2d 590 (La. App. 1 Cir. 1983) where the status of the particular corporation as an "authority" under the state open meeting law was determined, in part, by whether it was performing a governmental function.

Nor does the fact that the corporation herein is funded in large part by governmental entities, including the named counties, necessarily point to it is a subordinate arm of any or all of them for purposes of this provision. To hold otherwise would bring within this provision a host of private corporations which earn a major portion of their income from contracts with such governmental entities. Such an intent cannot, in our view, be reasonably implied from the existing statutory language taken as a whole. A similar reluctance to imply such an intent from a comparable provision was indicated by the court in Rockford Newspapers v. Council on Alcoholism, 64 Ill. App. 3d 94, 380 N.E.2d

1192 (1978) which concluded that the amount of government funding of a nonprofit corporation which administered drug and alcohol treatment programs had no bearing upon whether it was a "subsidiary" of state and local governmental bodies for purposes of the state open meeting law.

Another case in point is Dist. Atty. For No. Dist. v. Bd. of Trustees, 389 Mass. 729, 452 N.E.2d 208 (1983) where a town's appropriation of money and issuance of bonds to support an incorporated hospital were not regarded as determinative of whether the board of trustees of such hospital constituted a "governmental body" under a state open meeting law which defined such body to include "every board, commission, committee or subcommittee" of a town. Public funding can, of course, become a determinative factor where the statute so provides. See, e.g., North Cent. Ass'n. of Col. v. Troutt Bros., 261 Ark. 378, 548 S.W.2d 825 (1977) where the state open meeting law alluded to organizations supported by or expending public funds. A similar provision was also present in Seghers v. Community Advancement, Inc., supra.

Finally, the fact that the board of directors of the corporation herein is appointed by, and in part consists of, officials of the named counties does not necessarily establish it as a subordinate body of the latter, as contemplated by the statute. See, e.g., Dist. Atty. For No.

Dist. v. Bd. of Trustees, supra, where the fact that the board of trustees of an incorporated hospital was elected by the voters of the town did not, in and of itself, establish that the board was a "governmental body" as defined by the state open meeting law to include "every board, commission, committee or subcommittee" of a town; Perlongo v. Iron River Co-op. TV Antenna Corp., 122 Mich. App. 433, 332 N.W.2d 502 (1983) in which the fact that the board of directors of the corporation included some city officials did not establish the corporation as a "public body" as defined by the state freedom of information and open meeting laws to include boards and commissions.

Although distinguishable for various reasons, two recent federal cases nevertheless tend to reinforce the above conclusion. In Irwin Memorial Etc., v. American Nat. Red Cross, 640 F.2d 1051 (9th Cir. 1981) the fact that the board of governors of a federally chartered entity was required, by law, to include presidential appointees who were federal officials did not make it an "agency" under the federal freedom of information act. The court conceded, however, that the entity was a "close ally" of the United States government. See also Ehm v. National R.R. Passenger Corp., 732 F.2d 1250 (5th Cir. 1984) where the fact that the board of a quasi-public, for-profit railroad corporation was required, by law, to include presidential appointees did not

establish it as a "government controlled corporation" within the meaning of the federal privacy act.

While the facts herein certainly indicate that the corporation is, at the very minimum, a "close ally" of the named counties, they do not, in and of themselves, establish it is a mere "committee, subcommittee, board, department or commission" or other such agency of those entities, as intended by the statutory provision in question. Moreover, the corporation's presumed status under state law as a separate and independent legal entity demands that something more, e.g. control of the corporation by the counties, be shown in order to establish any such relationship as a matter of law. See, e.g., Rockford Newspapers v. Council on Alcoholism, and Dist. Atty. For No. Dist. Bd. of Trustees, supra, in which the absence of government control of the respective corporations was among the determinative factors in concluding that they were not subject to the state open meeting laws in question. Cf. Op. Atty. Gen. 270-D, August 12, 1976, where a nonprofit corporation, which received public funds and which had a board of directors consisting, in part, of public officials, was found not to be a "public employer" under state labor statutes which defined that term to include an "instrumentality" of the state or its political subdivisions. An absence of government control of the corporation was among the factors cited in reaching this conclusion.

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It seems clear, however, that a corporation's technical form will not be deemed absolutely controlling by the courts for purposes of a state open meeting law where the totality of facts establishes that the corporation is nothing more than a mere subordinate instrumentality of one or more governmental entities. See, e.g., Raton Public Service Company v. Hobbes, 76 N.M. 535, 417 P.2d 32 (1966) in which the board of directors of a corporation operating a city-owned electric utility system was found to be a governing body of a municipality or a governmental board or commission of a subdivision of the state within the meaning of the state open meeting law. Since the facts in your letter do not, at least on their face, appear to establish such a relationship here, it seems doubtful that a court would, solely on the basis of those facts, find the corporation subject to the state open meeting law.

On the other hand, a court might take the opposite view. Cf. McVarish v. Mid-Nebraska Com. Mental Health Center, 696 F.2d 69 (1982) in which certain action of a community mental health center, whose governing board was predominantly composed of governmental officials or their appointees, was determined to be "state action" for Fourteenth Amendment purposes, notwithstanding the center's efforts to characterize itself as a private organization.

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In view of the uncertainties inherent in any attempt to speculate upon the approach the courts might ultimately take in applying the state open meeting law in a factual situation of the kind involved here, and having in mind the important public interests which that law is intended to advance, we think compliance therewith by the corporation should be encouraged.^{2/} Meanwhile, it appears advisable to seek legislative clarification, not only of the intended application of the law to this and comparable private entities, but also with respect to the general authority of local governmental units, through their officers, to become involved in the appointment of, and service upon, the governing boards of such entities.

In this connection, it should be further noted that there appears to be no express statutory authority for local units of government to form nonprofit corporations, either directly or indirectly, for the purpose of carrying

^{2/} The purposes of the open meeting law have been said to be (1) "to prohibit actions being taken at a secret meeting where it is impossible for the interested public to become fully informed concerning board decisions or to detect improper influences," *Lindahl v. Independent School District No. 306*, 270 Minn. 164, 167, 133 N.W.2d 23, 26 (1965); (2) "to assure the public's right to be informed," *Channel 10, Inc. v. Independent School District No. 709*, 298 Minn. 306, 313, 215 N.W.2d 814, 821 (1974); and (3) "to afford the public an opportunity to present its views to the board," *Sullivan v. Credit River Township*, 229 Minn. 170, 175, 217 N.W.2d 502, 506 (1974).

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Julius E. Gernes

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out general governmental or other functions.^{3/} Nor, in our opinion, can such authority be properly implied from existing grants of power to such units.

Very truly yours,

HUBERT H. HUMPHREY, III
Attorney General

MICHAEL R. GALLAGHER
Special Assistant
Attorney General

HHH:jd

^{3/} However, see section 144.581, supra, note 1, relating to hospital authorities.

Exhibit B

TO: All Counties, Cities, Urban Towns and School Districts

FROM: Office of the State Auditor

RE: Survey on Profit and Not For Profit Corporations Created by Public Entities
Minnesota Statutes § 465.715, subd. 3

DATE: June 1998

I. PURPOSE OF THE SURVEY

A law was passed in the 1998 legislative session requiring the Office of the State Auditor (OSA) to collect information regarding profit and not for profit corporations created by public entities. The purpose of this survey is to gather information for the legislature. During the 1999 session, the legislature will decide whether such corporations should continue after July 1, 1999, and if so, what public laws are applicable to the corporations. The legislature is interested in the organizational structure, purpose, public liabilities and public oversight of, and the receipt and expenditure of public funds by these corporations.

To facilitate the gathering of this information, the OSA worked with representatives of the Association of Minnesota Counties, the League of Minnesota Cities, the Minnesota School Boards Association, the Association of Townships, and other organizations and individuals representing the interests of public entities. They provided input on the scope and content of the survey and will be actively involved as the legislature reviews the reported information and makes a determination regarding the future operation of these corporations.

II. COMPLETING THE SURVEY

EVERYONE RECEIVING THIS SURVEY SHOULD RETURN A COPY OF THE SURVEY TO THE OSA. If your government entity has not created any corporations, please indicate that on question 1 of the survey, sign the survey and return it to the OSA on or before October 15, 1998.

If your entity, individually or with other jurisdictions, has created a for profit or not for profit corporation, please complete **one survey form for each corporation**. The entity receiving this survey must also report about any corporations that have been created by any instrumentalities of the county, city, town or school district. Therefore, please communicate with your economic development authorities, housing and redevelopment authorities, port authorities, tourist bureaus, publicly owned nursing homes and hospitals, municipal utilities, cable access units or other such instrumentalities to ask if they have created a corporation that has filed articles of incorporation with the Secretary of State. Also communicate with the joint powers entities in which you participate.

If you are a member of a joint powers entity that has incorporated itself or another entity, the lead public entity or fiscal agent should complete the survey and return ONE survey to the OSA for each incorporated entity.

III. MEANING OF "CREATED BY THE POLITICAL SUBDIVISION"

Subdivision 3(a) of Minn. Stat. § 465.715 requires a report to be submitted for corporations "created by the political subdivision". For purposes of this survey, political subdivisions should report on an incorporated organization if any one of the following apply:

- a) The creation of the corporation was authorized by resolution or other official action of the governing body;
- b) The corporation was formed at the directive of the governing body of a political subdivision and the political subdivision reviews or approves the budget or expenditures of the corporation;
- c) The governing body of the political subdivision serves as the corporation's governing board; or
- d) The governing body of the political subdivision reviews or approves the budget or expenditures of the corporation and members of the governing body of the political subdivision which sit as members of the corporate board by virtue of their public office and/or members appointed or approved by the public entity constitute a majority of the corporation's board members.

****** In the case of a joint powers entity, "the governing body" as used in this section shall refer to either the joint powers board or the governing boards of participating public entities .

IV. EXEMPT ENTITIES DUE TO STATUTORY OR OTHER INDEPENDENT AUTHORIZATION

A report **NEED NOT** be filed for the following listed entities (Additional exempt entities may be added on the OSA web site - see Section VI.):

- *Fair Boards or Agricultural Societies
- * Historical Societies
- *Fire Relief Associations and Police Relief Associations
- *Transit Authorities
- *HRA's, EDA's, port authorities, municipal hospitals and nursing homes, municipal utilities, not independently incorporated with articles filed with the Secretary of State
- *Joint Powers Entities created pursuant to Minn. Stat. § 471.59
- *Educational Districts
- *Intermediate School Districts
- *Secondary Vocational Cooperative Centers
- *Special Education Cooperatives

- *Service Cooperatives
- *Regional Management Information Centers
- *Mutual Aid Agreements
- *Minnesota State High School League
- *Charter Schools

****** However, if one of the above entities has incorporated another entity that has filed articles of incorporation with the Secretary of State and falls within the definition contained in section III, a report *SHOULD* be filed for the incorporated entity.**

Additional Entities that need not file a report:

- Minnesota Counties Research Foundation
- Minnesota Counties Insurance Trust
- Minnesota School Boards Association
- Minnesota School Boards Association Insurance Trust
- Minnesota School District Liquid Asset Fund
- Range Association of Municipalities and Schools
- Schools for Equity in Education
- Minnesota Rural Education Association
- Association of Metropolitan School Districts
- *PTA's
- *Friends of the Library or similar library support groups
- *Athletic Booster Clubs
- *Academic Clubs such as Spanish clubs, chess clubs, computer clubs, international student clubs
- *Local chapters of the Citizen's Scholarship Foundation of America, including local Dollars for Scholars Groups.

V. RETURNING THE SURVEY

To comply with this new law, please complete the enclosed survey and return it to the OSA on or before **October 15, 1998**. Any corporate entity that was created by a political subdivision before September 1, 1998, for which a report is not received by the OSA **will not be authorized to receive public funds or contract with public entities after July 1, 1999.**

VI. OBTAINING ADDITIONAL INFORMATION

The OSA has a web site at www.osa.state.mn.us. We will post additional information on the web site as we receive feedback and questions from the entities completing the survey.

If you have questions regarding the completion of this report, please contact Carey Moe at (612) 297-3680 or representatives of the Association of Minnesota Counties, League of Minnesota Cities, Minnesota School Boards Association, Minnesota Association of Townships.

Survey of Corporations Created by Public Entities

Definitions:

"Public entity" shall refer to the city, county, urban town, school district or any other political subdivision of the state, acting individually or jointly through a joint powers entity, that has created a corporation.

"Corporation" shall refer to the for profit or not for profit corporation, including limited liability companies or limited liability partnerships, created by the public entity.

1. Has your political subdivision or any of its instrumentalities created a for profit or not for profit corporation for which a report is required to be filed? (Please see Section III of cover letter accompanying this survey).

Yes No

If you checked no, do not answer the remaining questions. Please sign the form and return it to the Office of the State Auditor.

**** The public entity receiving this survey will need to communicate with its instrumentalities and component units, along with any joint powers entities in which it participates, to determine whether they have created a corporation which must be reported. (See Sections II and III of cover letter).**

THE PUBLIC ENTITY SHOULD COMPLETE ONE FORM FOR EACH CORPORATION CREATED.

2. Provide the name and address of the public entity or entities involved in creating the corporation (attach additional sheets if necessary):

(Name of public entity)

(Address)

(Contact person at public entity)

(Phone Number)

(Contact person at corporation)

(Phone Number)

3. Name, address and year of incorporation of the corporation:

(Full name of corporation)

(Address)

Year of incorporation: 19__

4. Did an official action of the public entity's governing body create or authorize the creation of the corporation? Yes No

5. Please check the primary activity or activities of the corporation:

- | | |
|---|---|
| <input type="checkbox"/> Housing Development | <input type="checkbox"/> Industrial Park Development |
| <input type="checkbox"/> General Economic Development | <input type="checkbox"/> Rental Activities |
| <input type="checkbox"/> Fundraising | <input type="checkbox"/> Lease/Leaseback |
| <input type="checkbox"/> Investment Activity | <input type="checkbox"/> Business Promotion/Advertisement |
| <input type="checkbox"/> Tourism Activity | <input type="checkbox"/> Family Collaboratives |
| <input type="checkbox"/> Operation of Cable Access | <input type="checkbox"/> Social Services |
| <input type="checkbox"/> Hospital/Nursing Home Services | <input type="checkbox"/> Other (explain)_____ |

6. a. What was the rationale for creating the corporation? _____

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

c. What activities or functions can the private corporation perform better or more efficiently than the public entity? _____

**Attach additional sheets to answer 6a - 6c if necessary

7. a. Since inception of the corporation, has the public entity issued any debt for the benefit of the corporation? Yes No

If yes, total amount: \$ _____

8. Is the corporation's audit, if any, included in the public entity's audited financial statements? Yes No

THE FOLLOWING SET OF QUESTIONS ASK FOR INFORMATION THAT THE PUBLIC ENTITY MAY NEED TO OBTAIN DIRECTLY FROM THE CORPORATION.

1. List the total sources of revenue of the corporation:

1996: Fiscal Year: _____ Calendar Year
Specify dates of fiscal year

\$ _____ \$ _____ \$ _____
From public entity that created corporation From other governmental sources Private funds

1997: Fiscal Year: _____ Calendar Year
Specify dates of fiscal year

\$ _____ \$ _____ \$ _____
From public entity that created corporation From other governmental sources Private funds

2. Corporation's total expenditure of *public* funds:

1996: Fiscal Year Calendar Year \$ _____

1997: Fiscal Year Calendar Year \$ _____

3. Is the corporation's budget or expenditures approved or reviewed by a public entity?

Yes No

4. The meetings of the governing board of the corporation are:

Open to the public Closed to the public

5. Are meetings held in a: Government building Private office or home

Other (explain): _____

6. Is a notice of these meetings published in the local newspaper? Yes No

7. Is a notice of these meetings posted at any public place in the public entity? Yes No

8. Does the corporation maintain a separate mailing address from the public entity?

Yes No

9. The corporation has ____ full-time employees, ____ part-time employees (specify number of employees).

10. Are employees of the corporation subject to the policies of the public entity that created it (e.g., personnel policies, travel policies, expense reimbursement policies, etc.)?

Yes No

11. Are the employees of the corporation:

Covered by a public employees' pension plan applicable to the public entity

Covered by a corporate pension plan

Not covered by an employer-sponsored pension plan

Other (explain): _____

12. Since its inception, has the corporation issued any debt or contractually obligated itself to any debt? For purposes of this survey, the term "debt," which is defined in Minn. Stat. § 475.51, subd. 3, shall have the same meaning as "obligation."

Yes No

a. If so, provide the total outstanding amount of debt as of 12/31/97:

\$ _____.

b. If debt was issued or contractual obligations incurred, did the corporation receive prior approval by the governing body of the public entity that created the corporation?

Yes No

13. Does the corporation have an annual audit by a certified public accountant? Yes No

14. Is the corporation required to provide the public entity with a copy of its audit?

Yes No

15. What, if any, services does the corporation provide for or on behalf of the public entity?

16. Are any agreements between the corporation and the public entity memorialized in a written contract?

Yes No

17. Is the corporation involved in any litigation with the public entity that created it?

Yes No

If yes, please explain _____

18. Is the corporation involved in any litigation with third parties? Yes No

If yes, please explain _____

19. a. Do any officials of the public entity sit on the board of directors for the corporation by virtue of their public office?

Yes No

b. If yes, number: _____

c. If yes, do the officials receive a per diem for serving on the corporation's board of directors?

Yes No

20. Does the public entity appoint or approve any or all of the corporation's board of directors?

Yes No

If yes, appoint or approve _____ out of _____ total corporate board members.

21. Does the corporation maintain separate liability insurance from the public entity?

Yes No

22. Is the corporation's treasurer or chief financial officer bonded? Yes No

23. Does the corporation formally bid its contracts for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property if the amount of the contract is estimated to exceed \$25,000?

Yes No

24. Does the corporation maintain worker's compensation insurance for its employees?

Yes No

25. a. Do any officials or employees of the public entity provide services to or perform work for the corporation?

Yes No

b. If yes, do the employees or officials providing such services or performing such work for the corporation: (more than one can be checked)

- Receive a salary from the corporation for the services or work
- Receive a per diem payment from the corporation for the services or work
- Receive compensation from the public entity for the services or work done for the corporation
- Are uncompensated for the service or work
- Other (explain) _____

26. What is the annual value of salary and all other forms of compensation paid to the highest paid officer or employee of the corporation?

- | | | |
|--|--|--|
| <input type="checkbox"/> \$0-\$49,000 | <input type="checkbox"/> \$50,000 - \$99,000 | <input type="checkbox"/> \$100,000 - \$119,000 |
| <input type="checkbox"/> \$120,000 - \$149,000 | <input type="checkbox"/> \$150,000 - \$249,000 | <input type="checkbox"/> \$250,000 - \$349,000 |
| <input type="checkbox"/> \$350,000 - \$500,000 | <input type="checkbox"/> Over \$500,000 | |

Signature of public employee or public official
responsible for completing survey

Printed name of public employee or public official
responsible for completing survey

Title

Date

Phone Number

Exhibit C
Local Governments That Have Not Created Corporations

Counties

Aitkin	Goodhue *	McLeod	Sherburne
Anoka	Houston	Mille Lacs *	Stearns
Becker *	Hubbard	Morrison	Stevens
Beltrami	Itasca	Mower	Wabasha *
Benton	Jackson	Murray	Wadena
Big Stone	Kanabec	Norman *	Waseca *
Carlton	Kittson *	Otter Tail *	Washington
Chisago *	Koochiching	Pennington *	Watonwan
Clay *	Lac Qui Parle	Ramsey	Wilkin
Clearwater	Lake	Red Lake *	Winona *
Crow Wing	Lake of the Woods	Rice *	Wright
Douglas	Le Sueur	Roseau *	Yellow Medicine
Fillmore	Mahnomen *	St. Louis	
Freeborn	Martin	Scott	

Cities

Ada	Avon	Birchwood	Callaway
Adams	Babbitt	Bird Island	Calumet
Adrian	Backus	Blackduck	Cambridge
Afton	Badger	Blaine	Canton
Aitkin	Balaton	Blooming Prairie	Carlton
Albany	Barnesville	Blue Earth	Carver
Albertville	Barnum	Bluffton	Center City
Alden	Barry	Bovey	Centerville
Aldrich	Baudette	Boy River	Ceylon
Alexandria	Bayport *	Boyd	Chanhassen
Alpha	Beardsley	Braham	Chatfield
Altura	Beaver Bay	Brainerd	Chisago City
Alvarado	Beaver Creek	Breezy Point	Chisholm
Amboy	Becker	Bricelyn	Chokio
Andover *	Bejou	Brooten	Circle Pines
Annandale	Belgrade	Browerville	Clara City
Anoka *	Bellingham	Brownton	Claremont
Arco	Beltrami	Bruno	Clarks Grove
Arden Hills *	Bemidji	Buckman	Clements
Argyle	Bertha	Buffalo	Climax
Arlington	Bethel	Buffalo Lake	Clinton
Ashby	Big Falls	Buhl	Clitherall
Audubon	Bigfork	Butterfield	Cloquet
Aurora	Bingham Lake	Caledonia	Coats

* Although these local governments submitted surveys indicating that they did not create a corporation, the OSA found that these local governments were associated with a corporation reported on a survey submitted by another local government.

Exhibit C
Local Governments That Have Not Created Corporations

Cities (continued)

Cohasset	Eagle Bend	Freeport	Hanska
Cold Spring	East Bethel	Fridley	Harding
Cologne	East Gull Lake	Frost	Hardwick
Columbia Heights	Easton	Fulda	Harmony
Comfrey	Echo	Garrison	Harris
Comstock	Eden Valley	Garvin	Hastings
Conger	Eitzen	Gary	Hatfield
Corcoran	Elbow Lake	Genola	Hawley
Correll	Elgin	Georgetown	Hayfield
Cosmos	Elkton	Ghent	Hazel Run
Cottage Grove	Ellendale	Gibbon	Hector
Cottonwood	Ellsworth	Gilman	Henderson
Crosby	Elmdale	Glencoe	Hendricks
Crosslake	Elmore	Glenville	Hendrum
Cuyuna	Elrosa	Glenwood	Henning
Cyrus	Ely	Glyndon	Herman
Dakota	Emily	Golden Valley *	Hermantown
Danube	Erhard	Goodhue	Hewitt
Danvers	Erskine	Goodridge	Hibbing
Darfur	Evansville	Graceville	Hillman
Darwin	Eveleth	Granada	Hills
Dassel	Excelsior	Grand Marais *	Hilltop
Dawson	Eyota	Grand Rapids	Hitterdal
De Graff	Fairfax	Granite Falls	Hokah
Deer Creek	Fairmont	Grant	Holland
Deer River	Farmington	Grasston	Hollandale
Deerwood	Farwell	Greenfield	Holloway
Dellwood	Felton	Greenwald	Holt
Denham	Fertile	Grey Eagle	Hopkins
Dennison	Fifty Lakes	Grove City	Houston
Dent	Finlayson	Grygla	Howard Lake
Detroit Lakes	Fisher	Gully	Hoyt Lakes
Dilworth	Flensburg	Hackensack	Hugo
Dodge Center	Floodwood	Halstad	Humboldt
Donnelly	Foley	Ham Lake	Hutchinson
Dovray	Forest Lake	Hamburg	International Falls
Dumont	Foreston	Hampton	Inver Grove Heights *
Dundas	Fort Ripley	Hancock	Iron Junction
Dunnell	Fountain	Hanley Falls	Ironton
Eagan	Franklin	Hanover	Isanti

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Exhibit C
Local Governments That Have Not Created Corporations

Cities (continued)

Isle	Lastrup	Mc Intosh	New Munich
Ivanhoe	Lauderdale *	Meadowlands	New Prague
Jackson	Le Roy	Medford	New Ulm
Janesville	Le Sueur	Melrose	New York Mills
Jasper	Leonard	Mendota Heights *	Newport
Jeffers	Leonidas	Middle River	Nicollet
Jenkins	Lester Prairie	Miesville	Nielsville
Johnson	Lewiston	Milaca	Nimrod
Kandiyohi	Lilydale *	Milan	Nisswa
Kasota	Lindstrom	Millerville	Norcross
Kasson	Lino Lakes	Millville	North Branch
Keewatin	Lismore	Milroy	North Mankato
Kelliher	Litchfield	Miltona	North Oaks *
Kellogg	Little Canada *	Minneiska	Northome
Kennedy	Little Falls	Minneota	Norwood Young America
Kenneth	Littlefork	Minnesota City	Oak Grove
Kenyon	Long Beach	Minnesota Lake	Oak Park Heights *
Kerkhoven	Long Lake	Minnetonka	Oakdale
Kerrick	Long Prairie	Minnetonka Beach	Odin
Kiester	Longville	Minnetrista	Ogema
Kilkenny	Loretto	Mizpah	Ogilvie
Kimball	Luverne	Montrose	Okabena
Kinbrae	Lynd	Moose Lake	Olivia
La Porte	Mabel	Mora	Ormsby
La Prairie	Madelia	Morris	Orono
Lafayette	Madison Lake	Morristown	Ortonville
Lake Crystal	Magnolia	Morton	Osseo *
Lake Henry	Mahtomedi	Motley	Ottertail
Lake Park	Manchester	Mound	Owatonna
Lake St. Croix Beach	Manhattan Beach	Mounds View *	Palisade
Lake Shore	Mantorville	Mountain Lake	Park Rapids
Lake Wilson	Maple Grove *	Nashua	Parkers Prairie
Lakefield	Maple Lake	Nashwauk	Paynesville
Lakeland	Mapleton	Nelson	Pelican Rapids
Lakeland Shores	Maplewood	Nerstrand	Pemberton
Lakeville	Marble	Nevis	Pequot Lakes
Lamberton	Marietta	New Auburn	Perley
Lancaster	Marine on St. Croix	New Brighton *	Peterson
Landfall	Maynard	New Germany	Pierz
Lanesboro	Mc Gregor	New Market	Pillager

* Although these local governments submitted surveys indicating that they did not create a corporation, the OSA found that these local governments were associated with a corporation reported on a survey submitted by another local government.

Exhibit C
Local Governments That Have Not Created Corporations

Cities (continued)

Pine City	St. Anthony (Stearns)	Tamarack	Warba
Pine Island	St. Charles	Taopi	Warren
Pine River	St. Cloud	Taunton	Warroad
Pine Springs	St. Francis	Tenney	Waseca
Pipestone	St. James	Thief River Falls	Watkins
Plainview	St. Leo	Thomson	Watson
Plato	St. Louis Park	Tintah	Waubun
Pleasant Lake	St. Martin	Tracy	Waverly
Plymouth *	St. Michael	Trail	Wayzata
Prior Lake	St. Paul Park	Trimont	Welcome
Proctor	St. Rosa	Trosky	Wells
Quamba	St. Stephen	Truman	Wendell
Randall	Sauk Rapids	Turtle River	West Concord
Ranier	Scanlon	Twin Valley	West St. Paul *
Red Lake Falls	Sebeka	Ulen	West Union
Red Wing	Shafer	Underwood	Westbrook
Redwood Falls	Shelly	Upsala	Westport
Remer	Shevlin	Urbank	Whalan
Renville	Shorewood	Utica	White Bear Lake
Richmond	Silver Bay	Vadnais Heights	Willernie
Riverton	Silver Lake	Vergas	Williams
Rochester	Skyline	Vermillion	Wilton
Rock Creek	Slayton	Verndale	Windom
Rockford	South Haven	Vernon Center	Winnebago
Rockville	Spring Grove	Victoria	Winona
Rollingstone	Spring Lake Park	Viking	Winsted
Rose Creek	Spring Park	Vining	Winthrop
Rothsay	Spring Valley	Wabasha	Wolf Lake
Round Lake	Staples	Waconia	Wood Lake
Royalton	Steen	Wadena	Woodbury
Rushford	Stewart	Wahkon	Woodland
Rushford Village	Stewartville	Waite Park	Worthington
Russell	Stockton	Waldorf	Wrenshall
Rutledge	Strandquist	Walker	Wykoff
Sabin	Strathcona	Walnut Grove	Wyoming
Sacred Heart	Sturgeon Lake	Walters	Zemple
Sanborn	Sunburg	Waltham	Zimmerman
St. Anthony	Swanville	Wanamingo	Zumbro Falls
(Hennepin/Ramsey) *	Taconite	Wanda	Zumbrota

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Exhibit C
Local Governments That Have Not Created Corporations

Towns

Baytown	Eureka	Louisville	Stillwater
Burns	Forest Lake	Marshan	Vermillion
Cedar Lake	Grey Cloud Island	May	Waterford
Columbus	Hampton	New Scandia	West Lakeland
Credit River	Hassan	Ravenna	White Bear
Empire	Laketown	Sciota	

School Districts

ISD #1 Aitkin	ISD #111 Watertown-Mayer
ISD #2 Hill City	ISD #112 Chaska
ISD #4 Mc Gregor	ISD #115 Cass Lake *
ISD #6 South St. Paul	ISD #116 Pillager *
ISD #11 Anoka-Hennepin	ISD #118 Remer-Longville *
ISD #12 Centennial	ISD #129 Montevideo
ISD #13 Columbia Heights	ISD #138 North Branch *
ISD #16 Spring Lake Park	ISD #139 Rush City *
ISD #21 Audubon	ISD #146 Barnesville
ISD #23 Frazee	ISD #150 Hawley
ISD #31 Bemidji	ISD #162 Bagley
ISD #32 Blackduck	ISD #166 Cook County
ISD #36 Kelliher	ISD #173 Mountain Lake
ISD #38 Red Lake	ISD #175 Westbrook
ISD #47 Sauk Rapids *	ISD #177 Windom
ISD #51 Foley *	ISD #181 Brainerd *
ISD #55 Clinton-Graceville	ISD #186 Pequot Lakes
ISD #57 Beardsley *	ISD #191 Burnsville
ISD #62 Ortonville	ISD #192 Farmington
ISD #75 St. Clair	ISD #194 Lakeville
ISD #81 Comfrey	ISD #196 Rosemount-Apple Valley-Eagan
ISD #84 Sleepy Eye	ISD #199 Inver Grove *
ISD #85 Springfield	ISD #203 Hayfield
ISD #88 New Ulm	ISD #204 Kasson-Mantorville
ISD #91 Barnum	ISD #207 Brandon
ISD #93 Carlton	ISD #208 Evansville
ISD #94 Cloquet	ISD #213 Osakis
ISD #95 Cromwell	ISD #229 Lanesboro
ISD #99 Esko	ISD #238 Mabel-Canton
ISD #100 Wrenshall	ISD #239 Rushford-Peterson
ISD #108 Norwood	ISD #242 Alden
ISD #110 Waconia	ISD #253 Goodhue

* Although these local governments submitted surveys indicating that they did not create a corporation, the OSA found that these local governments were associated with a corporation reported on a survey submitted by another local government.

Exhibit C
Local Governments That Have Not Created Corporations

School Districts (continued)

ISD #255 Pine Island	ISD #441 Marshall County Central Schools
ISD #264 Herman-Norcross	ISD #458 Truman
ISD #270 Hopkins	ISD #463 Eden Valley-Watkins *
ISD #273 Edina	ISD #466 Dassel-Cokato *
ISD #276 Minnetonka	ISD #473 Isle *
ISD #277 Westonka	ISD #485 Royalton *
ISD #278 Orono	ISD #492 Austin
ISD #279 Osseo	ISD #495 Grand Meadow
ISD #280 Richfield	ISD #500 Southland
ISD #286 Brooklyn Center	ISD #505 Fulda
ISD #297 Spring Grove	ISD #507 Nicollet
ISD #300 Lacrescent-Hokah	ISD #508 St. Peter
ISD #306 Laporte	ISD #514 Ellsworth
ISD #308 Nevis	ISD #516 Round Lake
ISD #309 Park Rapids	ISD #518 Worthington
ISD #314 Braham *	ISD #531 Byron
ISD #316 Greenway	ISD #534 Stewartville
ISD #318 Grand Rapids	ISD #542 Battle Lake
ISD #319 Nashwauk-Keewatin	ISD #544 Fergus Falls
ISD #328 Sioux Valley	ISD #547 Parkers Prairie
ISD #330 Heron Lake-Okabena	ISD #548 Pelican Rapids
ISD #332 Mora *	ISD #549 Perham *
ISD #333 Ogilvie *	ISD #550 Underwood
ISD #345 New London-Spicer *	ISD #553 New York Mills
ISD #356 Lancaster	ISD #561 Goodridge
ISD #361 International Falls	ISD #578 Pine City *
ISD #363 South Koochiching	ISD #592 Climax
ISD #371 Bellingham	ISD #595 East Grand Forks
ISD #378 Dawson-Boyd	ISD #599 Fertile-Beltrami
ISD #390 Lake of the Woods	ISD #600 Fisher
ISD #391 Cleveland	ISD #604 Mentor
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ISD #403 Ivanhoe	ISD #625 St. Paul
ISD #404 Lake Benton	ISD #630 Red Lake Falls
ISD #411 Balaton	ISD #635 Milroy
ISD #414 Minneota	ISD #640 Wabasso
ISD #415 Lynd	ISD #641 Walnut Grove *
ISD #417 Tracy	ISD #656 Faribault
ISD #432 Mahnommen	ISD #659 Northfield
ISD #435 Waubun	ISD #676 Badger

* Although these local governments submitted surveys indicating that they did not create a corporation, the OSA found that these local governments were associated with a corporation reported on a survey submitted by another local government.

Exhibit C
Local Governments That Have Not Created Corporations

School Districts (continued)

ISD #682 Roseau	ISD #836 Butterfield
ISD #690 Warroad	ISD #837 Madelia
ISD #696 Ely	ISD #840 St. James
ISD #698 Floodwood	ISD #846 Breckenridge
ISD #700 Hermantown	ISD #850 Rothsay
ISD #701 Hibbing	ISD #857 Lewiston
ISD #707 Nett Lake	ISD #858 St. Charles
ISD #709 Duluth	ISD #861 Winona
ISD #716 Belle Plaine	ISD #876 Annandale *
ISD #717 Jordan	ISD #877 Buffalo *
ISD #719 Prior Lake	ISD #879 Delano *
ISD #720 Shakopee	ISD #881 Maple Lake *
ISD #721 New Prague	ISD #883 Rockford *
ISD #738 Holdingford *	ISD #911 Cambridge-Isanti *
ISD #739 Kimball *	ISD #912 Milaca *
ISD #740 Melrose *	ISD #914 Ulen-Hitterdal
ISD #741 Paynesville *	ISD #916 N.E. Metro
ISD #742 St. Cloud *	ISD #963 East Range Sec. Tech. Center
ISD #743 Sauk Centre *	ISD #966 Wright Tech Cntr
ISD #745 Albany *	ISD #985 Pine to Prairie Coop Center
ISD #750 Cold Spring *	ISD #2135 Maple River
ISD #756 Blooming Prairie	ISD #2143 Waterville-Elysian-Morristown
ISD #768 Hancock	ISD #2149 Minnewaska *
ISD #769 Morris	ISD #2154 Eveleth-Gilbert
ISD #771 Chokio-Alberta	ISD #2159 Buffalo Lake-Hector
ISD #775 Kerkhoven-Murdock-Sunburg	ISD #2164 Dilworth-Glyndon-Felton
ISD #777 Benson	ISD #2167 Lakeview
ISD #786 Bertha-Hewitt *	ISD #2168 N.R.H.E.G.
ISD #801 Browns Valley	ISD #2174 Pine River-Backus *
ISD #803 Wheaton	ISD #2190 Yellow Medicine East
ISD #806 Elgin-Millville	ISD #2198 Fillmore Central
ISD #810 Plainview	ISD #2215 Norman County East
ISD #811 Wabasha-Kellogg	ISD #2310 Sibley East
ISD #813 Lake City	ISD #2311 Clearbrook-Gonvick
ISD #818 Verndale *	ISD #2342 West Central Area
ISD #821 Menahga *	ISD #2358 Tri-County
ISD #831 Forest Lake	ISD #2364 Belgrade-Brooten-Elrosa *
ISD #832 Mahtomedi	ISD #2396 A.C.G.C. *
ISD #833 South Washington County	ISD #2448 Martin County West
ISD #834 Stillwater	ISD #2527 Halstad-Hendrum

* Although these local governments submitted surveys indicating that they did not create a corporation, the OSA found that these local governments were associated with a corporation reported on a survey submitted by another local government.

Exhibit C
Local Governments That Have Not Created Corporations

School Districts (continued)

ISD #2580 East Central *	ISD #2862 Jackson County Central
ISD #2609 Win-E-Mac	ISD #2887 Mcleod West Public Schools
ISD #2683 Greenbush-Middle River	ISD #4002 Toivola-Meadowlands Charter School
ISD #2687 Howard Lake-Waverly-Winsted *	ISD #4006 Skills for Tomorrow Charter School
ISD #2711 Mesabi East	ISD #4007 Minnesota New Country School
ISD #2754 Cedar Mountain	ISD #4012 Emily Charter School
ISD #2758 Redwood Falls	ISD #4015 Community of Peace Academy
ISD #2759 Eagle Valley *	ISD #4019 Saint Paul Family Learning Center
ISD #2805 Zumbrota-Mazeppa	ISD #4021 Village School of Northfield
ISD #2835 Janesville-Waldorf-Pemberton	ISD #4024 Summit School for the Arts
ISD #2854 Ada-Borup	ISD #6067 Tri-District *
ISD #2856 Stephen-Argyle Central Schools	ISD #6071 Quad County Vocational Project
ISD #2859 Glencoe-Silver Lake	ISD #6072 Valley Crossing Community School

Other Local Units of Government

Community Development of Morrison County, Inc	South St. Paul HRA
Cuyuna Range Economic Development, Inc.	Willmar Convention and Visitor Bureau
Lake Minnetonka Communications Commission	WRAC - 8
Parkers Prairie Community Ambulance	

* Although these local governments submitted surveys indicating that they did not create a corporation, the OSA found that these local governments were associated with a corporation reported on a survey submitted by another local government.

Exhibit D List of Corporations

Local Government Responding to Survey	Name of Corporation Formed	Local Governments Involved in Corporation
<u>Counties</u>		
Brown County	Brown County Economic Development Partners, Inc.	Brown County
Cass County	Cass County Economic Development Corporation, Inc.	Cass County
Cass County	Cass County Leech Reservation Family Services Collaborative, Inc.	Cass County
Cook County	Cook County Building Authority	Cook County
Dodge County	Dodge County Corporation	Dodge County
Hennepin County	Center Hospital	Hennepin County
Isanti County	Five County Mental Health Centers, Inc.	Chisago County Isanti County Mille Lacs County Pine County
Kandiyohi County	Kandiyohi County Building Authority	Kandiyohi County
Kandiyohi County	Kandiyohi County Economic Development Partnership, Inc.	Kandiyohi County
Lyon County	Prairie Net Consortium	City of Marshall ISD #413 Marshall Lyon County
Meeker County	Meeker County Development Corporation	Meeker County
Nobles County	Southwestern Mental Health Center, Inc.	Nobles County
Nobles County	Southwestern Minnesota Opportunity Council, Inc.	Nobles County
Nobles County	Worthington Regional Economic Development Corporation	Nobles County
Olmsted County	Olmsted County Building Authority	Olmsted County
Polk County	Emergency Medical Transportation Incorporated	Polk County City of Crookston
Pope County	Pope County Community Development Corporation	Pope County
Steele County	South Central Human Relations Center	Dodge County Rice County Steele County Waseca County
Swift County	Swift County Greater Rural Opportunities Working	Swift County
Swift County	Swift County-Benson Hospital Foundation	Swift County
<u>Cities</u>		
City of Albert Lea	Albert Lea Convention And Visitors Bureau	City of Albert Lea
City of Bagley	Bagley Economic Development Commission	City of Bagley

Exhibit D List of Corporations

Local Government Responding to Survey	Name of Corporation Formed	Local Governments Involved in Corporation
City of Bagley	Bagley Industrial Development Corporation	City of Bagley
City of Benson	Benson Civic Center Board	City of Benson
City of Bloomington	Bloomington Convention and Visitors Bureau	City of Bloomington
City of Bloomington	Bloomington Video Center, Inc.	City of Bloomington
City of Clarissa	Central Todd County Care Center	City of Clarissa
City of Clarissa	Clarissa Manor, Inc.	City of Clarissa
City of Coon Rapids	Coon Rapids Mortgage Assistance Foundation	City of Coon Rapids
City of Coon Rapids	North Suburban Counseling Center	City of Coon Rapids
City of Crystal	CO-OP Northwest Community Revitalization Corporation	City of Brooklyn Center City of Brooklyn Park City of Crystal City of New Hope City of Robbinsdale
City of Duluth	Duluth Housing Trust Fund, Inc.	City of Duluth
City of Fergus Falls	PEG Access of Fergus Falls, Inc.	City of Fergus Falls
City of Fergus Falls	Project 2000 of Fergus Falls, Inc.	City of Fergus Falls
City of Heron Lake	City of Heron Lake Economic Development Corporation	City of Heron Lake
City of Hinckley	Hinckley Convention & Visitors Bureau	City of Hinckley
City of Minneapolis	Greater Minneapolis Convention and Visitors Association	City of Minneapolis
City of Minneapolis	Minneapolis Convention Fund	City of Minneapolis
City of Minneapolis	Minneapolis Initiative Against Racism	City of Minneapolis
City of Minneapolis	Minneapolis Telecommunications Network	City of Minneapolis
City of Minneapolis	The City Hall Committee Fka The Committee for City Hall	City of Minneapolis
City of Montevideo	Montevideo Community Development Corporation	City of Montevideo
City of Moorhead	Moorhead Community Access Television	City of Moorhead
City of Morgan	Morgan Economic Development Authority	City of Morgan
City of Osakis	Oaskis Economic Development Corporation	City of Osakis
City of Perham	Perham Area Community Center	City of Perham
City of Perham	Perham Lakeside Country Club	City of Perham
City of Prinsburg	Prinsburg Fire Department	City of Prinsburg

Exhibit D List of Corporations

<u>Local Government Responding to Survey</u>	<u>Name of Corporation Formed</u>	<u>Local Governments Involved in Corporation</u>
City of Richfield	Friends of Wood Lake Nature Center	City of Richfield
City of Richfield	Richfield Tourism Promotion Board, Inc.	City of Richfield
City of Roseville	Roseville Local Development Corporation	City of Roseville
City of Sartell	Sartell-LeSauk Government Center, Inc.	City of Sartell
City of Shakopee	Shakopee Community Access Corporation, Inc.	City of Shakopee
City of Springfield	Springfield Medical Services, Inc.	City of Springfield
City of Storden	Storden Development Corporation	City of Storden
City of St. Hilaire	St. Hilaire Community Center	City of St. Hilaire
City of St. Paul	Cable Access - Saint Paul, Inc.	City of St. Paul
City of St. Paul	St. Paul Riverfront Corporation	City of St. Paul
City of Two Harbors	Two Harbors Development Commission	City of Two Harbors
<u>School Districts</u>		
ISD #545 Henning	The Henning Hornets Nest, Inc.	ISD #545 Henning
ISD #465 Litchfield	Litchfield Public Schools Foundation	ISD #465 Litchfield
ISD #77 Mankato	Educare Foundation, Inc.	ISD #77 Mankato
ISD #1 Minneapolis	Minneapolis Public Schools Building Corporation	ISD #S1 Minneapolis
ISD #623 Roseville	Roseville Area Schools District No 623 Foundation	ISD #623 Roseville
ISD #748 Sartell-St. Stephen	Sartell - St. Stephen Education Foundation	ISD #748 Sartell-St. Stephen
ISD #564 Thief River Falls	Thief River Falls Education Foundation	ISD #564 Thief River Falls
<u>Others</u>		
Carver County HRA	Carver Housing Development Corporation	Carver County
Central Minnesota Educational Research & Development Council	Central Minnesota Educational Research & Development Council	Numerous *

* The following school districts are involved in the Central Minnesota Educational Research and Development Council: ISD #15 Saint Francis, ISD #25 Pine Point, ISD #31 Bemidji, ISD #47 Sauk Rapids, ISD #51 Foley, ISD #57 Beardsley, ISD #113 Walker-Hackensack-Akeley, ISD #115 Cass Lake, ISD #116 Pillager, ISD #118 Remer-Longville, ISD #138 North Branch, ISD #139 Rush City, ISD #181 Brainerd, ISD #323 Franconia, ISD #332 Mora, ISD #333 Ogilvie, ISD #345 New London-Spicer, ISD #463 Eden Valley-Watkins, ISD #465 Litchfield, ISD #182 Crosby-Ironton, ISD #199 Inver Grove Heights, ISD #314 Braham, ISD #466 Dassel-Cokato, ISD #473 Isle, ISD #477 Princeton, ISD #480 Onamia, ISD #482 Little Falls, ISD #484 Pierz, ISD #485 Royalton, ISD #486 Swanville, ISD #487 Upsala, ISD #545 Henning, ISD #549 Perham, ISD #577 Willow River, ISD #578 Pine City, ISD #641 Walnut Grove, ISD #726 Becker, ISD #727 Big Lake, ISD #728 Elk River, ISD #738 Holdingford, ISD #739 Kimball, ISD #740 Melrose, ISD #741 Paynesville, ISD #742 Saint Cloud, ISD #743 Sauk Centre, ISD #745 Albany, ISD #748 Sartell, ISD #750 Cold Spring, ISD #786 Bertha-Hewitt, ISD #787 Browerville, ISD #818 Verndale, ISD #820 Sebeka, ISD #821 Menahga, ISD #876 Annandale, ISD #877 Buffalo, ISD #879 Delano, ISD #881 Maple Lake, ISD #882 Monticello, ISD #883 Rockford, ISD #885 Saint Michael-Albertville, ISD #911 Cambridge-Isanti, ISD #912 Milaca, ISD #2144 Chisago Lakes, ISD #2149 Minnewaska, ISD #2155 Wadena-Deer Creek, ISD #2165 Hinckley-Finlayson, ISD #2170 Staples-Motley, ISD #2174 Pine River-Backus, ISD #2364 Belgrade-Brooklyn-Elrosa, ISD #2396 A.C.G.C., ISD #2580 East Central, ISD #2687 Howard Lake-Waverly-Winsted, ISD #2753 Long Prairie-Grey Eagle, ISD #2759 Eagle Valley, ISD #6067 Tri-District.

Exhibit D List of Corporations

Local Government Responding to Survey	Name of Corporation Formed	Local Governments Involved in Corporation
Central St. Croix Valley Joint Cable Communications Commission	Central St. Croix Valley Community Access Corporation	City of Bayport City of Oak Park Heights City of Stillwater
Chisago County Housing and Redevelopment Authority	Chisago County Housing Development Corporation	Chisago County
City of St. Paul - Department of Planning and Economic Development	St. Paul Workforce Development Council, Inc.	City of St. Paul
Community Action of Minneapolis	Community Action of Minneapolis	City of Minneapolis
Cook County/Grand Marais Joint Economic Development Authority	Resource Development Commission	City of Grand Marais Cook County
Dakota County Agricultural Society	Dakota City Heritage Village, Inc.	Dakota County
Dakota County Housing and Redevelopment Authority	Dakota County Building Authority	Dakota County
Downtown Minneapolis Transportation Management Organization	Downtown Minneapolis Transportation Management Organization	City of Minneapolis
Housing And Redevelopment Authority in and for the City of Willmar	Valleyside Townhomes, LLC	City of Willmar
Lakeland Mental Health Center Inc.	Lakeland Mental Health Center, Inc.	Becker County Clay County Grant County Otter Tail County Pope County
Minneapolis City Planning Department	Friends of CUE	City of Minneapolis
Minneapolis Community Development Agency	Minneapolis Economic Development Company	City of Minneapolis
Minneapolis Park & Recreation Board	Minneapolis Municipal Athletic Association	City of Minneapolis
Minneapolis Police Department	Corner House	City of Minneapolis
Minneapolis Police Department	Minneapolis Police Athletic League	City of Minneapolis
Minneapolis Public Library Board	Minneapolis Public Library Foundation	City of Minneapolis
North Suburban Cable Communications Commission	North Suburbs Access Corporation	City of Arden Hills City of Falcon Heights City of Lauderdale City of Little Canada City of Mounds View City of New Brighton City of North Oaks City of Roseville City of Shoreview City of St. Anthony
Northern Dakota County Cable Communications Commission	Northern Dakota County Community Television Corporation	City of Inver Grove Heights City of Lilydale City of Mendota

**Exhibit D
List of Corporations**

Local Government Responding to Survey	Name of Corporation Formed	Local Governments Involved in Corporation
Northern Dakota County Cable Communications Commission (continued)		City of Mendota Heights City of South St. Paul City of Sunfish Lake City of West St. Paul
Northwest MN Multi-County HRA	Greater Minnesota Management	Kittson County Marshall County Norman County Pennington County Polk County Red Lake County Roseau County
Northwest Suburbs Cable Communications Commission	Northwest Suburbs Community Access Corporation	City of Brooklyn Center City of Brooklyn Park City of Crystal City of Golden Valley City of Maple Grove City of New Hope City of Osseo City of Plymouth City of Robbinsdale
Northwestern Mental Health Center Inc.	Northwestern Mental Health Center, Inc.	Kittson County Mahnomon County Marshall County Norman County Polk County Red Lake County
Quad Cities Cable Communications Commission	Quad Cities Community Access Corporation	City of Andover City of Anoka City of Champlin City of Ramsey
Rice Memorial Hospital	Rice Health Foundation	City of Willmar
Rice Memorial Hospital	Rice Home Medical, LLC	City of Willmar
Rice Memorial Hospital	Shared Health Resources, LLC	City of Willmar
Rice Memorial Hospital	Willmar Surgery Center, L.L.P	City of Willmar
Southeastern Minnesota Multi-County Housing Redevelopment Authority	Multi-County Builders	Dodge County Goodhue County Wabasha County Winona County
St. Michael's Hospital	St. Michael's Hospital Foundation	City of Sauk Centre
St. Paul Port Authority	Capital City Properties	St. Paul Port Authority
Suburban Hennepin Regional Park District	Hennepin Parks Foundation, Inc.	Hennepin County Suburban Hennepin Regional Park District
Willmar Municipal Utilities	Allied Power, LLC	City of Willmar

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EXHIBIT E
Survey Summaries of Corporations

County of Brown - Brown County Economic Development Partners, Inc.

6. a. What was the rationale for creating the corporation?

Response to a citizen's group who requested economic development activity.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

De-politicalize the operating of an economic development revolving loan fund.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Corporation is a public non-profit which operates independently of government entity in administration of revolving loan fund.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Administers economic development through the revolving loan fund to create employment and develop and/or expand business within Brown County.

Additional Comments: The year of incorporation is 1990. No debt has been issued. The corporation reported the receipt of \$25,000 from the county and \$10,638 in private funds in 1996 and \$25,000 from the county, \$400 from other governmental sources, and \$37,670 in private funds in 1997. The corporation reported the expenditure of \$25,000 in public funds in 1996 and \$25,400 in public funds in 1997. The county previously did not review or approve the budget or expenditures of the corporation. Beginning 07/01/98, the county began an annual review of the budget and approval of the county is now required for any expenditure of \$100,000 or more. The corporation does maintain a separate mailing address from the public entity. The corporation was previously not audited but starting 12/31/98, will have an annual audit by a certified public accountant and will provide the county with a copy of its audit. The corporation has no employees. Public entity staff and officials provide services to the corporation, and the public entity provides monthly billings to the corporation for payment of these services. Meetings of the corporate board were previously closed to the public but starting 07/01/98 were opened to the public and are held in a government building. Notice of the meetings is posted and published. Two public officials sit on the board by virtue of their public office and the county board appoints or approves the remaining nine corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is not bonded. Agreements between the public entity and the corporation are not memorialized in written contracts. The county received special legislation in the 1998 legislative session to authorize continued operation of this corporation.

County of Cass - Cass County Economic Development Corporation, Inc.

6. a. What was the rationale for creating the corporation?

Move from county department status to independent corporation.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Equity participation in economic development projects, private fundraising, etc...

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Equity participation in economic development projects, private fundraising, etc...

15. What, if any, services does the corporation provide for or on behalf of the public entity?

General economic development within Minnesota Statutes § 375.83.

Additional Comments: The year of incorporation is 1997. No debt has been issued. The corporation reported the receipt of \$2,500 in private funds in 1997 and the expenditure of \$2,500 in public funds in 1997. The county does review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has an annual audit by a certified public accountant and provides the county with a copy of its audit. The corporation has one full-time employee. Public entity staff and officials provide services to the corporation, and the public entity compensates the public officials and employees for their work for the corporation. Meetings of the corporate board are open, and are held in restaurants, banks, and a government building, but notice of the meetings is not posted or published. The county commissioner and administrator sit on the corporate board by virtue of their public office. The county board does not appoint or approve the remaining corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in letter agreement. The corporation does not formally bid its contracts.

County of Cass - Cass County Leech Lake Reservation Family Service Collaborative, Inc.

6. a. What was the rationale for creating the corporation?

See Attachment 1, providing an overview of the initiative.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

See Attachment 1, providing an overview of the initiative.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

See Attachment 1, providing an overview of the initiative.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

See Attachment 1, providing an overview of the initiative.

Additional Comments: The year of incorporation is 1994. No debt has been issued. The corporation reported the receipt of \$186,744 from the public entities that created it, \$1,044,385 from other governmental sources and \$110,490 in private funds in 1996 and \$112,318 from the public entities that created it, \$576,488 from other governmental sources and \$52,450 in private funds in 1997. The corporation reported expenditure of \$586,895 in public funds in 1996 and \$738,779 in public funds in 1997. The public entity does review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation does have an annual audit by a certified public accountant and does provide the public entity with a copy of its audit. The corporation has one full-time employee and the collaborative subsidiaries/family centers have an average of 28 employees. The employee of the corporation is subject to the policies and procedures of the public entity and is covered by a public employees' pension plan applicable to the public entity. Public entity staff and officials provide services to the corporation and receive a per diem payment from the corporation for the services or work. Meetings of the corporate board are open, and are held in a government building or the family center's or reservation's meeting rooms. Notice of the meetings is published in the local paper, but notice is not posted at a public place in the public entity. Three county officials sit on the corporate board by virtue of their public office. These officials do receive a per diem for serving on the corporate board. The public entity appoints or approves three out of 18 total corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

Counties of Chisago, Isanti, Mille Lacs and Pine - Five County Mental Health Centers, Inc.

6. a. What was the rationale for creating the corporation?

To provide mental health services to residents.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Mental health services.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Special mental health needs.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Mental health services.

Additional Comments: The year of incorporation is 1964. The corporation has not issued debt. The corporation reported the receipt of \$115,288 from the public entities that created it, \$895,154 from other governmental sources and \$838,718 in private funds in 1996 and \$145,898 from the public entities that created it, \$436,355 from other governmental sources and \$924,024 in private funds in 1997. The expenditure of public funds totaled \$1,010,442 in 1996 and \$582,153 in 1997. The corporation does have an annual audit by a certified public accountant which is provided to the public entity that created it. The public entities do not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 21 full-time and 15 part-time employees. Public entity staff do not provide services to the corporation. One public official sits as the corporate board by virtue of his/her public office and receives a per diem for service on the corporate board. The public entities appoint or approve the remaining seven members of the corporate board. Meetings of the corporate board are open to the public but are held in a private home or office. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entities and that the corporate treasurer or chief financial office is bonded. Agreements between the public entities and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. The corporation is involved in litigation with third parties who allege that the corporation has committed an unfair discriminatory practice in violation of the Minnesota Human Rights Act. There are only four counties currently involved in this mental health center. Kanabec County was originally involved but left this center in 1997 to pursue other alternative ways to offer these services.

County of Cook - Cook County Building Authority

6. a. What was the rationale for creating the corporation?

To finance jail and courthouse addition to comply with OSHA and fire marshall.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To finance new jail and addition to the courthouse without having to go to a referendum (M.S. 317A, 80A.15 subd. 1(a)).

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Financed a new jail and addition to courthouse through lease purchase.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Financing a new law enforcement center and remodeling and addition to the courthouse.

Additional Comments: The year of incorporation was 1996. The corporation issued debt, and the outstanding amount of that debt on 12/31/97 was \$4,750,000. The public entity did approve the issuance of the debt. The corporation reported the receipt of the \$4,750,000 in 1996 and characterized it as private funds, while reporting no expenditure of public funds in 1996 or 1997. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation is considered a blended component unit of the county and is reported as part of the annual audit of the county. The corporation has no employees. The corporation consists of a board of directors and a treasurer. The five county commissioners sit as the corporate board. The corporate treasurer is the County Auditor who is bonded through the county. Public entity staff and officials provide services to the corporation and are uncompensated for their work for the corporation. Meetings of the corporate board are open and are held in a government building. Notice of the meetings is posted and published. The corporation reports that it does not maintain separate liability insurance from the public entity. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. The county received special legislation to retroactively authorize the existence of this corporation in the 1997 legislative session.

County of Dodge - Dodge County Corporation

6. a. What was the rationale for creating the corporation?

Able to obtain enough votes to build a much needed annex.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No comment.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The bond for the annex is held in the name of the corporation.

Additional Comments: The year of incorporation is 1989. The corporation issued \$2,445,000 in debt. The corporation received the approval of the public entity prior to issuing the debt. The outstanding amount of the debt as of 12/31/97 was \$2,310,000. The corporation reported no receipt of funds from any sources or expenditure of public funds in 1996 or 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has 6 part-time employees who are subject to the policies and procedures of the public entity. Six public officials sit on the corporate board by virtue of their public office. The public entity appoints or approves six out of the six total corporate board members. Public entity staff and officials do not provide services to the corporation. Meetings of the corporate board are open and are held in a government building. Notice of the meetings is posted but is not published. The corporation reports that it does not maintain separate liability insurance from the public entity and that the corporate treasurer is not bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

Counties of Dodge, Rice, Steele and Waseca - South Central Human Relations Center

6. a. What was the rationale for creating the corporation?

To provide mental health services.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No comment.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Mental health treatment and programs for the serious and persistently mentally ill.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Mental health services.

Additional Comments: The year of incorporation is 1964. The corporation has not issued debt. The corporation reported receipt of \$351,523 from the public entity that created it, \$484,403 from other governmental sources, and \$1,512,070 in private funds in 1996, and \$306,752 from the public entity that created it, \$434,508 from other governmental sources, and \$1,928,973 in private funds in 1997. The expenditure of public funds in 1996 totaled \$351,523 and in 1997 totaled \$306,752. The corporation does have an annual audit by a certified public accountant and provides the public entity with a copy of the audit. The public entity does review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 38 full-time and 12 part-time employees. Public entity staff do not provide services to the corporation. Six public officials sit on the corporate board by virtue of their public office and receive a per diem for their services on the corporate board. The public entity appoints or approves six out of the six total corporate board members. Meetings of the corporate board are open to the public and are held in at the Mental Health Center. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate chief financial officer or treasurer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

County of Hennepin- Center Hospital

6. a. What was the rationale for creating the corporation?

To serve as lessor in lease-purchase financing transaction for hospital facilities. This allowed for the public-private partnership between Hennepin and Metropolitan Medical Center to cooperatively meet a hospital space need in downtown Minneapolis.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To serve as lessor in lease-purchase financing transaction for hospital facilities. This allowed for the public-private partnership between Hennepin and Metropolitan Medical Center to cooperatively meet a hospital space need in downtown Minneapolis.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Non-profit corporation serves as a lessor in lease financing transactions. This enables the county to more efficiently enter into lease-purchasing financings.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Facilitates the lease-purchase financings by acting as the lessor.

Additional Comments: The year of incorporation is 1972 with the Articles of Incorporation restated and amended in 1991. The corporation has issued debt. The outstanding amount of this debt on 12/31/97 was \$1,700,000. The corporation did receive the approval of the public entity prior to issuing the debt. The corporation reported the receipt of \$3,589,652 in lease payments under various leases in 1996 and \$3,414,093 in lease payments in 1997. The expenditure of public funds for debt services totaled \$3,506,090 in 1996 and \$3,523,840 in 1997. The corporation does have an annual audit by a certified public accountant and it is included in the public entity's annual financial statements. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do provide services to the corporation, mainly to maintain the corporate status, and are uncompensated for their work for the corporation. Three public officials sit on the corporate board by virtue of their public office. The public entity does not appoint or approve any of the three total corporate board members. Meetings of the corporate board are open and are held in a government building. Notice of the meetings is posted, but is not published. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer is bonded. Agreements between the public entity and the corporation are not memorialized in written contracts.

County of Kandiyohi - Kandiyohi County Building Authority

6. a. What was the rationale for creating the corporation?

Financing of Health and Human Services Building.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Construction of 100,000 square foot building.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Leases back office space to county, State of Minnesota, and non-profit human services agency.

Additional Comments: The year of incorporation is 1994. The corporation has issued debt. The outstanding amount of the debt as of 12/31/97 was \$9.3 million. The corporation did receive the approval of the public entity prior to issuing the debt. The corporation reported the receipt of \$390,000 from the county, \$473,791 from other governmental sources and \$182,949 in private funds in 1996 and \$390,000 from the county, \$412,023 from other governmental sources and \$274,351 in private funds in 1997. The expenditure of public funds in 1996 totaled \$593,068 and in 1997 totaled \$848,544. The corporation does have an annual audit by a certified public accountant, and the audit is included in the public entity's annual financial audit. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do provide services to the corporation and are compensated by the public entity for their work for the corporation. The five members of the county board sit as the corporate board by virtue of their public office. Meetings of the corporate board are open to the public and are noted on the county board agenda. Notice of the meetings is posted and published. The corporation reports that it does not maintain separate liability insurance from the public entity and that the corporate treasurer is the county auditor/treasurer who is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

County of Kandiyohi - Kandiyohi Economic Development Partnership, Inc.

6. a. What was the rationale for creating the corporation?

To establish countywide economic development organization.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Full-time economic development to represent all communities in Kandiyohi County.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Full-time position, direct contact with financial institutions, networking with other agencies, countywide tourism activities, including tourism center.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

To market the county for economic development.

Additional Comments: The year of incorporation is 1989. The corporation has not issued debt. The corporation reported no receipt of funds from any source or expenditure of public funds in 1996 or 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 1 full-time employee. Public entity staff do not provide services to the corporation. This is a shell corporation that services the revolving loan fund. All other funds and activities are handled by the Rural Development Finance Authority. No public officials sit on the corporate board by virtue of their public office, but the public entity appoints or approves five of the seven corporate board members. Meetings of the corporate board are open to the public but are held in the chamber board room or the bank board room. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts.

Counties of Kittson, Mahnommen, Marshall, Norman, Polk and Red Lake - Northwestern Mental Health Center

6. a. What was the rationale for creating the corporation?

To provide the member counties with an entity to develop and provide mental health services.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The member counties have delegated the provision of certain mental health services to the NWMHC to more effectively use limited county funding, and access other resources for citizens of member counties.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Recruitment of qualified mental health professionals and practitioners; development and supervision of specialized mental health services; securing access to a range of funds to support needed services.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The Northwestern Mental Health Center provides a range of outpatient, family and children, adult and emergency disaster recovery services for member counties.

Additional Comments: The year of incorporation is 1962. The corporation has issued debt, and the outstanding amount of that debt as of 12/31/97 was \$340,447. The corporation did not receive the approval of the public entity prior to issuing the debt. The corporation reported the receipt of \$451,078 from the counties that created the corporation, \$1,551,914 from other governmental sources and \$173,419 in private funds in 1996 and \$436,306 from the counties that created the corporation, \$2,209,413 from other governmental sources and \$136,765 in private funds in 1997. The expenditure of public funds totaled \$1,948,609 in 1996 and \$2,513,726 in 1997. The corporation does have an annual audit which is included in the annual audit of the public entities. The public entities do not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entities. The corporation has 72 full-time and 8 part-time employees. Public entity staff do provide services to the corporation and receive a salary from the corporation for their work for the corporation. Seven public officials sit on the corporate board by virtue of their public office and do receive a per diem for serving on the corporate board. The public entities appoint or approve seven out of the ten total corporate board members. Meetings of the corporate board are closed to the public. The corporation reports that it does maintain separate liability insurance from the public entities and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entities and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. The annual value of salary and all other forms of compensation for the highest paid officer or employee of the corporation falls within the range of \$120,000 to \$149,000.

County of Lyon, City of Marshall and ISD #413 Marshall - Prairie Net Consortium

6. a. What was the rationale for creating the corporation?

From a regional standpoint, to meet the challenge of and remain current with the ever changing technological explosion.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Collaboration of a variety of entities working cooperatively to develop programs such as "Rural Evolution" to impact all aspects of the community.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Process our programs that are internally controlled.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Mental health services.

Additional Comments: The year of incorporation is 1996. The corporation has not issued debt. The corporation reported the receipt of \$3,000 from other governmental sources and \$2,000 in private funds in 1996 and \$4,000 from other governmental sources and \$4,000 in private funds in 1997. The expenditure of public funds totaled \$312 in 1996 and \$2,850 in 1997. The corporation does not have an annual audit. The public entities do not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entities. The corporation has no employees. Public entity staff do not provide services to the corporation. No public officials sit on the corporate board by virtue of their public office, and the public entities do not appoint or approve any members of the corporate board. Meetings of the corporate board are open to the public and are held in a government building, but notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entities but that the corporate treasurer or chief financial officer is not bonded. Agreements between the public entities and the corporation are not memorialized in written contracts.

County of Meeker - Meeker County Development Corporation

6. a. What was the rationale for creating the corporation?

To assist Meeker County with economic development.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

It is more difficult to deal with all the aspects of economic development at public meetings.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Information dissemination and referral.

Additional Comments: The year of incorporation is 1994. The corporation has not issued debt. The corporation reported the receipt of \$110,000 from the county that created the corporation in 1996 and \$110,000 from the county that created the corporation in 1997. The expenditure of public funds totaled \$90,000 in 1996 and \$90,000 in 1997. The corporation does have an annual audit by a private certified public accountant, and the audit is provided to the public entity. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has 1 full-time and 1 part-time employee. Public entity staff do not provide services to the corporation. Two public officials sit on the corporate board by virtue of their public office and do receive a per diem for serving on the corporate board. The county appoints or approves 7 of the 15 total corporate board members. Meetings of the corporate board are closed to the public but are held in a government building. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

County of Nobles - Southwestern Mental Health Center, Inc.

6. a. What was the rationale for creating the corporation?

To manage and provide mental health services.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Articles of Incorporation were attached.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Articles of Incorporation were attached.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1967. The corporation has not issued debt. The corporation reported the receipt of \$1,162,765 from the public entity that created it, \$405,279 from other governmental sources and \$1,580,219 in private funds in 1996 and \$1,142,019 from the public entity that created it, \$402,672 from other governmental sources and \$1,585,115 in private funds in 1997. The corporation reported the expenditure of \$3,160,436 in 1996 and \$3,099,699 in 1997 but could not break the expenditures into public vs. private funds. The corporation does have an annual audit by a private certified public accountant, but the audit is not provided to the public entity. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 60 full-time and 25 part-time employees. Public entity staff do not provide services to the corporation. Two public officials sit on the corporate board by virtue of their public office and do receive a per diem for serving on the corporate board. The public entity appoints or approves two out of the eleven total corporate board members. Meetings of the corporate board are open to the public but are held at the various mental health centers. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer has a shared limit insurance policy with other officers and directors. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts.

County of Nobles - Southwestern Minnesota Opportunity Council, Inc.

6. a. What was the rationale for creating the corporation?

To create a private, non-profit 501(c)(3) community action agency to address the needs of low income residents in Nobles, Rock, Pipestone and Murray counties in Minnesota.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Articles of Incorporation were attached.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Articles of Incorporation were attached.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

SMOC provides programs and services for the constituency of the public entity. SMOC also contracts with the public entity to administer certain programs of the entity.

Additional Comments: The year of incorporation is 1965. The corporation has issued debt, and the outstanding amount of that debt as of 12/31/97 was \$148,000. The corporation did not receive the approval of the public entity prior to issuing the debt. The corporation reported the receipt of \$96,313 from the public entity that created it, \$3,364,830 from other governmental sources and \$7,822 in private funds in fiscal year 1996 and \$158,702 from the public entity that created it, \$3,916,796 from other governmental sources and \$20,302 in private funds in fiscal year 1997. The expenditure of public funds totaled \$3,374,670 in fiscal year 1996 and \$4,042,792 in fiscal year 1997. The corporation does have an annual audit by a private certified public accountant, but the audit is not provided to the public entity. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 50 full-time and 140 part-time employees. Public entity staff do not provide services to the corporation. Two public officials sit on the corporate board by virtue of their public office and do receive a per diem for serving on the corporate board. The public entity appoints or approves two out of the fifteen total corporate board members. Meetings of the corporate board are open to the public but are held at the SMOC office. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. There is litigation that involves the corporation. Currently a dispute between a homeowner and a contractor names SMOC as a third party defendant. SMOC administers the program which involved the two parties. SMOC acts as a facilitator only in this regard. Legal counsel for the corporation is quite certain that SMOC is indemnified in this matter as supported by contract language.

County of Nobles - Worthington Regional Economic Development Corporation

6. a. What was the rationale for creating the corporation?

Joint public/private economic development.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Articles of Incorporation were attached.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Governed by private corporation.

15. **What, if any, services does the corporation provide for or on behalf of the public entity?**

No comment.

Additional Comments: The year of incorporation is unknown. The corporation has not issued debt. The corporation reported the receipt of \$89,700 from other governmental sources and \$12,300 in private funds in fiscal year 1996 and \$89,700 from other governmental sources and \$29,300 in private funds in fiscal year 1997. The expenditure of public funds totaled \$89,700 in fiscal year 1996 and \$89,700 in fiscal year 1997. The corporation does have an annual audit by a private certified public accountant, and the audit is provided to the public entity. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 1 full-time and 1 part-time employee. Public entity staff do not provide services to the corporation. One public official sits on the corporate board by virtue of their public office and does not receive a per diem for serving on the corporate board. The public entity appoints or approves one out of the eleven total corporate board members. Meetings of the corporate board are open to the public but are held in a private home or office. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is not bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts.

County of Olmsted - Olmsted County Building Authority

6. **a. What was the rationale for creating the corporation?**

Financing of county facilities; takeover of Rochester State Hospital Property from the State.

- b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?**

Issuance of high quality debt instrument.

- c. What activities or functions can the private corporation perform better or more efficiently than the public entity?**

Issuance of debt through legal avenues allowed by the legislature.

15. **What, if any, services does the corporation provide for or on behalf of the public entity?**

Debt conduit.

Additional Comments: The year of incorporation is 1985. The corporation has issued debt. The outstanding amount of debt as of 12/31/97 is \$20,330,000. The public entity did give its approval for issuance of the debt. The corporation does not report the receipt of funds from any source or expenditure of public funds in 1996 or 1997. The corporation does have an annual audit by a private certified public accountant which is included in the audit of the public entity. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do provide services to the corporation but are uncompensated for their work for the corporation. The seven members of the county board sit on the corporate board by virtue of their public office. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is posted but not published. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts.

County of Ottertail - Lakeland Mental Health Center, Inc.

6. a. What was the rationale for creating the corporation?

No comment.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No comment.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Community Mental Health Services.

Additional Comments: The year of incorporation is 1961. The corporation has issued debt. The outstanding amount of debt as of 12/31/97 is \$524,762. The public entity did not give its approval for issuance of the debt. The corporation reported the receipt of \$1,061,120 from the public entity that created it, \$967,479 from other governmental sources and \$2,882,541 in private funds in fiscal year 1996 and \$1,041,517 from the public entity that created it, \$1,002,844 from other governmental sources and \$3,380,394 in private funds in fiscal year 1997. The reported expenditure of public funds was \$2,028,599 in 1996 and was \$2,044,361 in 1997. The corporation does have an annual audit by a private certified public accountant and provides the public entity with a copy of the audit. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 80 full-time and 46 part-time employees. Five county officials sit as corporate board members by virtue of their public office and receive a per diem for their service on the corporate board. The public entity appoints or approves 10 out of the ten total corporate board members. Meetings of the corporate board are open to the public and are held in the Mental Health Center corporate offices. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. The annual value of salary and all other forms of compensation paid to the highest paid officer or staff member of the corporation is in the range of \$150,000-\$249,000. Public entity officials do provide services for the corporation and receive a per diem for their services.

County of Polk and City of Crookston - Emergency Medical Transportation, Inc.

6. a. What was the rationale for creating the corporation?

Public/private cooperative adventure.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Purchase and operation of pre-hospital EMS.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

To provide emergency medical and life support transportation services to those individuals residing within the services area of the corporation.

Additional Comments: The year of incorporation is 1993. The corporation has not issued debt. The corporation was formed in anticipation of the local ambulance provider going bankrupt. However, before the local company went bankrupt, it was sold and the new provider is operating the ambulance services. Therefore, this corporation has no activity and no receipt or expenditure of funds.

County of Pope - Pope County Community Development Corp.

6. a. What was the rationale for creating the corporation?

Seeking technical assistance to increase economic development skills in Pope County.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Help those communities in Pope County achieve their economic development objectives and create permanent jobs within the county:

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Job creation, business retention, tourism and agriculture.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1987. The corporation has not issued debt. The corporation reported no receipt of funds from any source or expenditure of public funds in 1996 or 1997. The public entity reports that it does review any expenditures of the corporation. The corporation has a separate mailing address from the public entity. The corporation has no employees. Two county officials sit as corporate board members by virtue of their public office. The public entity does not appoint or approve any of the corporate board members. Meetings of the corporate board are open to the public and are held in a governmental building. Notice of the meetings is posted and published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. Public officials and employees do provide services for the corporation and are uncompensated for their work for the corporation. The corporation's audit, if any, is included in the public entity's audited financial statements.

County of Swift - Swift County Greater Rural Opportunities Working (SC GROW)

6. a. What was the rationale for creating the corporation?

To assist with countywide economic development activities. See Attachment 2, letter from Swift County GROW.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Confidential business information could be kept confidential.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Confidentiality when dealing with private businesses in need of technical assistance when planning their business future.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Administration of revolving loan fund, complete reports required by DTED on grant funding received.

Additional Comments: The year of incorporation is 1988. The corporation has issued debt. The outstanding amount of debt as of 12/31/97 was \$25,000. The corporation did receive the approval of the public entity prior to issuing the debt. The corporation reported the receipt of \$47,800 from other governmental sources and \$51,022 in private funds in 1996 and \$49,100 from other governmental sources and \$39,163 in private funds in 1997. The corporation reported the expenditure of public funds in the amount of \$47,800 in 1996 and \$49,100 in 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has 2 full-time employees. Public entity staff do provide services to the corporation and are compensated by the public entity for their work for the corporation. One public official sits on the corporate board by virtue of his/her public office and does receive a per diem for serving on the corporate board. The public entity does appoint one out of the nine total corporate board members. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is not posted or published. The corporation reports that it does not maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is not bonded. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts.

6. a. What was the rationale for creating the corporation?

Need for a fundraising organization.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fundraising.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Fundraising.

Additional Comments: The year of incorporation is 1994. The corporation has not issued debt. The corporation reported the receipt of \$168,222 in private funds in 1996 and \$48,579 in private funds in 1997. The corporation reported no expenditure of public funds in 1996 or 1997. The corporation does have an annual audit by a private certified public accountant, and the audit is included in the public entities' annual audits. The public entities do review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entities. The corporation has no employees. Public entity staff do not provide services to the corporation. One public official sits on the corporate board by virtue of his/her public office and does not receive a per diem for serving on the corporate board. The public entities do not appoint or approve any of the corporate board members. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is not posted or published. The corporation reports that it does not maintain separate liability insurance from the public entities and that the corporate treasurer or chief financial officer is not bonded. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does not formally bid its contracts.

City of Albert Lea - Convention and Visitors' Bureau

6. a. What was the rationale for creating the corporation?

To create an entity to manage the Convention and Visitors, Bureau on a daily basis.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

It was a way to stay close to the other activities of a similar nature.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Convention and Visitors' Bureau Services.

Additional Comments: The year of incorporation is 1992. No debt has been issued. The corporation reported the receipt of \$96,644 in funds from the public entity that created it in 1996 and \$99,633 in funds from the public entity that created it in 1997. In addition, the corporation received \$10,556 in private funds in 1996 and \$48,221 in private funds in 1997. The corporation reports no expenditure of public funds in 1996 or 1997. The corporation does have an annual audit by a certified public accountant, and the corporation provides the public entity with a copy of its audits. Corporate meetings are open to the public but are held in a private home or office, and notice of the meetings is not published or posted. The corporation has one part-time and one full-time employee. No public officials sit on the board but the public entity does appoint all the corporate board members and reviews or approves the corporation's budget or expenditures. The corporation does not formally bid its contracts over \$25,000. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation reports that it does maintain separate liability insurance from the public entity but that the corporation's treasurer or chief financial officer is not bonded. Officials and employees of the public entity do not provide services for the corporation.

Cities of Andover, Anoka, Champlin and Ramsey - Quad Cities Community Access Corporation

6. a. What was the rationale for creating the corporation?

Educational entity that teaches television to government and the public in general.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Policy decisions on equipment and channel usage; fundraising; channel access control; employee benefits.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Decisions on who uses the equipment and channel; what programs get on the channel; First Amendment issues of the channel; control of funds for the channels.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Government access programming for four member cities; personnel and equipment expertise.

Additional Comments: The year of incorporation is 1992. The corporation has not issued debt. The corporation reported the receipt of \$558,832 from the public entities in 1996 and \$555,121 from the public entities in 1997. The corporation expended \$472,613 in public funds in 1996 and \$552,106 in public funds in 1997. The corporation's budget or expenditures are reviewed or approved by the public entities. The corporation does not maintain a separate mailing address from the public entities. The corporation is annually audited by a private certified public accountant and provides the cities with a copy of the audit. The corporation has 16 part-time employees. The employees of the corporation are not subject to the policies of the public entities, and the employees of the corporation are not covered by an employer-sponsored pension plan. The corporation does maintain liability insurance separate from the cities but the corporate treasurer or chief financial officer is not bonded. No public officials sit on the corporate board by virtue of their office, but the cities appoint or approve the 8 corporate board members. The corporate board meetings are televised over the cable system. Notice of the meetings is not posted or published. Agreements between the public entities and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts. The corporation reports that it does maintain separate liability insurance from the public entities but that the corporation's treasurer or chief financial officer is not bonded. Officials and employees of the public entities do not provide services for the corporation.

Cities of Arden Hills, Falcon Heights, Lauderdale, Little Canada, Moundsview, New Brighton, North Oaks, Roseville, St. Anthony and Shoreview - Northern Suburban Access Corporation

6. a. What was the rationale for creating the corporation?

Although the First Amendment refers to Congress, it has been interpreted by the courts to apply to any branch or office of government, whether federal, state or local. Since the inception of public access channels on cable systems, they have been considered to be a public forum for the exercise of the freedom of speech. Because they have typically been funded by local franchising authorities from the franchise fees they receive from cable companies, the "ideal" arrangement was to create a non-profit corporation to insulate programming decisions from interference by the local government. In fact, across the country, most public access operations are managed by a non-profit corporation. (You can contact the Alliance for Community Media, 666 Eleventh Street NW, Suite 806, Washington D.C. 20001-4542 for confirmation. The executive director is Bunny Reidel, 202-393-2650.) And attempts at interference are very real. I have worked for an organization that did not have a non-profit access corporation and faced the wrath of city managers who wanted to restrict or prohibit programming produced by independent community producers, residents of their own cities, about another level of government with which they had issues. I have faced a city manager who wanted to prohibit a campaign program by a candidate for a city council, not on the government access channel, but on the public access channel. So, the issue is not what can the non-profit organization do better or more efficiently. The issue is the protection of an individual producer's First Amendment right to Freedom of Speech.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Same as above.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Same as above.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Tape Cable Commission meetings, share expenses for some staff and overhead, provide accounting services.

Additional Comments: The year of incorporation is 1985. The corporation has not issued debt. The corporation reported receipt of \$53,498 from the public entities and \$659,594 in private funds in 1996 and \$50,000 from the public entities and \$671,740 in private funds in 1997. The corporation expended \$53,498 in public funds in 1996 and \$50,000 in public funds in 1997. The corporation's budget or expenditures are not reviewed or approved by the public entities. The corporation is audited by a private certified public accountant but a copy of an audit is not provided to the cities. The corporation has 12 full-time and 5 part-time employees. Employees of the corporation are not subject to the policies of the public entities. The employees of the corporation are covered by a corporate pension plan. The corporation has the same mailing address as one of the public entities. The corporation does maintain separate liability insurance from the public entities and that the corporate treasurer or chief financial officer is bonded. Ten public officials serve on the corporate board by virtue of their office. The public entities do not appoint or approve any of the corporation's board members. The corporate board meetings are open to the public and are cable cast live. Notice of the meetings is posted, but is not published. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts. Officials or employees of the public entities do not provide services for the corporation.

City of Bagley - Bagley Economic Development Commission

6. a. What was the rationale for creating the corporation?

To help create economic development and jobs in and around the city.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Hold open meetings with the public, meet privately with future business owners and work with the tourism areas.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

They have more time to meet with the people privately and in the public than the council does.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1988. Official action of the city created the corporation. No debt has been issued. The city reports no receipt of funds from any source of expenditure of public funds in 1996 or 1997. All services for the corporation are volunteer. The corporation has no employees. The meetings are open to the public, are held in a government building, and notice is posted and published. No public officials sit on the board by virtue of their office and the public entity does not appoint or approve any board members. The corporation does maintain a separate mailing address from the public entity. The corporation does not have an annual audit. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does not maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Bagley - Bagley Industrial Development Corporation

6. a. What was the rationale for creating the corporation?

A board to work with new businesses and create an Industrial Park.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Grant work and to create an Industrial Park.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Work with businesses and look into grant funding more closely.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1959, and the corporation was created through official action of the city. No debt has been issued. The corporation reports the receipt of \$5,000 from the public entity and \$719 in private funds in 1996 and \$15,000 from the public entity and \$349 in private funds in 1997. The corporation reports expenditure of \$392 in public funds in 1996 and \$12,200 in 1997. The corporation's audit is included in the public entity's audited financial statements. Meetings are open to the public, are held in a government building, and notice of the meetings is posted and published. There are no corporate employees. All services for the corporation are volunteer. City officials and/or employees do provide services for the corporation but are uncompensated for the work. One public official sits on the corporate board by virtue of his/her public office. The city council does not appoint or approve other members of the board. Any agreements between the corporation and the city are not memorialized in written contracts. The corporation does maintain a separate mailing address from the public entity. The corporation does not maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is not bonded.

Cities of Bayport, Oak Park and Stillwater - Central St. Croix Valley Community Access Corporation

6. a. What was the rationale for creating the corporation?

To facilitate community programming.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Daily oversight of the access studio/center.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Broadens the involvement in community programming production and promotion. First Amendment implications are reduced and government control of a communication media is decreased. Builds a community based constituency as supporters are residents of the community. Its tax exempt status allows for tax deductible contributions to a community based organization. Policy is set by residents of the community. Expands the diversity of viewpoints on issues, ideas and cultures. Relieves the Commission of criticism of less popular programming by providing a buffer. Channel gatekeeper is the community.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Promote, encourage, and facilitate community programming; help keep Commission informed of cable company's access service to the community.

Additional Comments: The year of incorporation is 1984. The corporation has issued debt. The outstanding amount of debt as of December 31, 1997 is \$0. It did not receive the approval of the public entities prior to issuance of the debt. The corporation reported receipt of \$21,667 from the cities, \$5,436 from other governmental sources and \$7,500 in private funds in fiscal year 1996 and \$20,000 from the cities, \$5,366 from other governmental sources, and \$8,000 in private funds in fiscal year 1997. The total amount of public funds expended in 1996 was \$27,103 and in 1997 was \$25,366. The corporation's budget or expenditures are reviewed or approved by the public entities. The corporation is not audited by a private certified public accountant and a copy of an audit is not provided to the cities. The corporation has one part-time employee. The employee is not subject to the policies of the public entities and is not covered by an employer-sponsored pension plan. The corporation maintains a separate mailing address from the public entities. The corporation does maintain liability insurance separate from the public entities, and the corporate treasurer or chief financial officer is bonded. No public officials serve on the corporate board by virtue of their office, but the public entities approve or appoint all 9 corporate board members. The corporate board meetings are open to the public but are held in a private office or home. Notice of the meetings is posted and published. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does not formally bid its contracts. Officials or employees of the public entities do not provide services for the corporation.

City of Benson - Benson Civic Center Board

6. a. What was the rationale for creating the corporation?

To provide for the operations and management of a hockey team.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

None.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The corporation manages and operates a hockey arena on behalf of the City Council.

Additional Comments: The year of incorporation is 1993. The corporation issued debt and the outstanding balance on the debt as of 12/31/97 was \$53,911. The corporation did not receive approval of the public entity before issuing the debt. The corporation reports the receipt of private funds in the amount of \$42,340 in fiscal year 1996 and private funds in the amount of \$67,854 in fiscal year 1997. The corporation reports no expenditure of public funds in 1996 or 1997. The corporation is audited annually by a private certified public accountant, but the corporation is not required to provide a copy of the audit to the public entity. Meetings of the corporation are open to the public, are held at a government building rented by the Civic Center Board, and notice of the meetings is posted at the city, but is not published. The corporation has one part-time employee. One public official sits on the corporate board by virtue of their office and the city does not approve the other corporate board members. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does not maintain separate liability insurance from the public entity, and the corporate treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation. The corporation does maintain a separate mailing address from the public entity.

City of Bloomington - Bloomington Convention and Visitors' Bureau

6. a. What was the rationale for creating the corporation?

To promote the City of Bloomington as a business and tourist destination.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Sales and marketing activities, research, special events, and the compiling and dissemination of industry data.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Promote City of Bloomington and its hospitality facilities as a place for conventions, meetings and as a destination for tourists. Provide sales and marketing services to attend the maximum use and occupancy of the Bloomington hospitality industry.

Additional Comments: The year of incorporation is 1991. The corporation was created by official action of the city. No debt has been issued. The corporation reports the receipt of \$1,340,120 in funds from other governmental sources and \$25,000 from the public entity in 1996, and \$1,421,485 in funds from other governmental sources in 1997. The funds from other governmental sources consisted of revenue from governmental sources and from the Bloomington Convention and Visitors Bureau room tax revenue they are allowed to collect pursuant to special legislation. The corporation is audited by a private certified public accountant, and the audit is not included in the city's audited financial statements. The corporation does provide the public entity with a copy of the audit. The city does review or approve the corporation's budget or expenditures. The corporate meetings are open to the public but are held in a private office or home, and notice of the meetings is not posted or published. The corporation has 11 full-time and 4 part-time employees. One public official sits on the corporate board by virtue of his/her public office, and the city council appoints or approves 3 out of the 9 board members. The corporation does formally bid its contracts. City staff does collect and monitor payment of the 1% lodging tax on behalf of the corporation. The city is then compensated \$1000 per month for costs of collecting and monitoring the tax. The annual value of the salary and other forms of compensation for the highest paid officer or employee of the corporation is in the range of \$100,000 - \$119,000. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation does maintain separate liability insurance from the public entity, and the corporate treasurer or chief financial officer is bonded.

City of Bloomington - Bloomington Video Center, Inc., Community Cable Channel Inc., a.k.a. Bloomington Public Television, Inc.

6. a. What was the rationale for creating the corporation?

Assist and coordinate community organizations and individuals in producing local programming of interest to Bloomington residents; serve as a resource center for information, materials, and equipment; provide video production, training and technical assistance to the community.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Freedom of Speech issues.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1976. The corporation was formed by official action of the city. No debt has been issued. The corporation reports receipt of \$87,663 from the public entity and \$10,723 in private funds in 1996 and \$92,556 from the public entity and \$14,496 in private funds in 1997. The full amount of funds received from the public entity listed as revenue were expended in 1996 and 1997. The public entity reviews or approves the corporation's budget. The corporation's audit is included in the public entity's audited financial statements. No public officials sit on the board by virtue of their office and the city does not appoint or approve the corporate board members. The corporate meetings are open to the public, are held at the corporate office and notice of the meetings is posted at the city, but is not published. The corporation has 2 part-time and 2 full-time employees. The employees are not subject to the policies of the public entity and are not covered by an employer-sponsored pension plan. The corporation does formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation does maintain separate liability insurance from the public entity, but the corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

Cities of Brooklyn Center, Brooklyn Park, Crystal, New Hope and Robbinsdale - Co-op Northwest Community Revitalization Corporation

6. a. What was the rationale for creating the corporation?

To provide affordable housing for low and moderate income households.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To provide affordable housing for low and moderate income households plus access to private funds.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

To provide affordable housing for low and moderate income households plus access to private funds.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

To provide affordable housing for low and moderate income households.

Additional Comments: The year of incorporation is 1993. No debt has been issued. The corporation reports the receipt of \$16,650 in kind revenue, \$13,375 from other governmental sources and \$500 in private funds in 1996, and \$17,450 in kind revenue, \$406 from the city, and \$19,819 from other governmental sources in 1997. The reported expenditure of public funds by the corporation is \$47,195 in 1996 and \$30,675 in 1997. The corporation has an annual audit by a certified public accountant, but the corporation is not required to provide a copy of the audit to the public entities. The corporation's meetings are open to the public and are held at a private office or home. Notice of the meetings is posted at the city, but is not published. The corporation currently has no employees. Staff is provided by NW Hennepin Human Services Council as in-kind contribution. Public employees and Project for Pride in Living staff provide services for the corporation. Public employees are compensated by their public entity for their work for the corporation, and in some cases do volunteer work. There are no written contracts for services between the cities and the corporation. Each city appoints one of the 15 corporate board members. The corporation reports that it does maintain separate liability insurance from the public entities, however, the corporation's treasurer or chief financial officer is not bonded. The corporation does not formally bid its contracts. The corporation does maintain a separate mailing address from the public entities.

Cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, Maple Grove, New Hope, Osseo, Plymouth and Robbinsdale - Northwest Suburbs Community Access Corporation

6. a. What was the rationale for creating the corporation?

Create local programming.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Can involve non-public officials and can distance programming or content decisions from elected officials.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Produces cable television programming for cities.

Additional Comments: The year of incorporation is 1982. The corporation has issued debt. The outstanding debt as of December 31, 1997 is \$0. It received the approval of the public entities prior to issuance of the debt. The corporation reported receipt of \$1,751,537 from the cities in 1996 and \$1,937,942 from the cities in 1997. The total amount of public funds expended in 1996 was \$1,561,701 and in 1997 was \$1,695,640. The corporation's budget or expenditures are reviewed or approved by the public entities. The corporation is audited by a private certified public accountant, and a copy of the audit is included in the cities' audited financial statements. The corporation has 32 full-time and 24 part-time employees who are subject to the policies and procedures of one of the public entities and are covered by a public employees' pension plan applicable to the public entities. The corporation and one of the public entities share an executive director. The executive director receives a salary from the corporation for the services provided to the corporation. The annual value of the salary and all other forms of compensation paid to the highest paid employee or officer of the corporation is in the range of \$50,000 to \$99,000. The corporation has the same mailing address as one of the public entities. The corporation does not maintain liability insurance separate from the public entities, but the corporate treasurer or chief financial officer is bonded. Thirteen public officials serve on the corporate board by virtue of their office. The public entities appoint or approve 13 out of the 15 total corporate board members. The corporate board meetings are open to the public and held in a government building. Notice of the meetings is posted, but is not published. Agreements between the public entities and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts.

City of Clarissa - Central Todd County Care Center

6. a. What was the rationale for creating the corporation?

Need for nursing home.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No comment.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Manage nursing home.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1978. The corporation has issued debt, and the outstanding amount of that debt as of 09/30/97 was \$964,837. The corporation does have an annual audit by a private certified public accountant, but is not required to provide a copy of the audit to the public entity. The corporation reports receipt of \$2,374,027 in governmental and private funds in fiscal year 1996 and \$2,469,312 in governmental and private funds in fiscal year 1997. The reported expenditure of public funds in 1996 fiscal year was \$2,361,619 and in fiscal year 1997 was \$2,445,400. The city does not review or approve the corporation's budget or expenditures. The corporation's meetings are closed to the public. The corporation has 45 full-time and 65 part-time employees. All agreements between the city and the corporation are memorialized in written contracts. There are no city board members sitting on the corporate board by virtue of their office, and the city does not appoint or approve any corporate board members. The corporation does not formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. The corporation does maintain separate liability insurance from the public entity, but the corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Clarissa - Clarissa Manor, Inc.

6. a. What was the rationale for creating the corporation?

To provide affordable rental housing for the area's elderly residents through a non-profit corporation to promote the social welfare of the community.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Focus solely on project's goal, completion, and day-to-day activities and needs.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Daily management and cost control to insure affordability for tenants.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1968. The corporation was created pursuant to official action of the city. The corporation issued debt, and the outstanding amount of that debt as of 12/31/97 was \$48,582. The corporation received the approval of the public entity before issuing the debt. The corporation reports only receipt of rental subsidy funds in the amount of \$5,320 in 1996 and \$7,689 in 1997. The corporation does have an annual audit by a private certified public accountant, but is not required to provide a copy of the audit to the public entity. The meetings of the corporate board are open to the public, are held in a government building, and notice of the meetings is published in the local newspaper, but is not posted. The corporation has no employees. No city council members sit on the corporate board by virtue of their office, and the city does not appoint or approve corporate board members. City officials and/or employees do provide services for the corporation and are compensated by the corporation as independent contractors. The services provided by public officials and staff include management, repairs and bookkeeping services. There are no written contracts for these services between the city and the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation does maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is bonded.

City of Coon Rapids - Coon Rapids Mortgage Assistance Foundation

6. a. What was the rationale for creating the corporation?

To issue housing revenue bonds needed a corporation.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Issuance of housing revenue bonds.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Not legal for a city to do at this time.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Monitors mortgage delinquencies.

Additional Comments: The year of incorporation is 1979. The city reports issuing debt in the amount of \$45,000,000 in 1979 which was refunded in 1984 at \$12,220,000. The corporation reports receipt of \$35,016 in private funds in fiscal year 1996 and \$35,657 in private funds in 1997. They report zero expenditure of public funds in calendar year 1996 and 1997. The city maintains the records for the corporation. The corporation is annually audited by a certified public accountant, but a corporate audit is not included in the city's audited financial statements. However, the corporation is required to provide a copy of the audit to the public entity. The corporation does not maintain a separate mailing address from the city. The meetings of the corporation are open to the public and are held in a government building; however, notice of the meetings is not published or posted. The corporation has no employees and the city reports that no public officials or employees provide services for the corporation; however, they do maintain the records for the corporation. The mayor and a city council member serve on the corporate board of directors, although it is not a requirement of their offices. Board members do receive a per diem for their service on the corporate board of directors. The city council has veto authority over all 7 members of the corporate board. The corporation does not maintain separate liability insurance from the city, and the corporation's treasurer or chief financial officer is not bonded. Agreements between the corporation and the public entity are memorialized in written contracts.

City of Coon Rapids - North Suburban Counseling Center

6. a. What was the rationale for creating the corporation?

More efficient and funding easier to obtain.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Counseling services.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fundraising.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Low cost mental health services.

Additional Comments: The year of incorporation is 1985. No debt has been issued. The survey shows that the corporation received \$21,000 in funds from the city, \$73,929 from other governmental sources, and \$134,321 in private funds in 1996 and \$21,000 from the city, \$122,854 from other governmental sources and \$135,829 in private funds in 1997. The corporation reports total expenditure of \$94,929 in public funds in fiscal year 1996 and \$143,854 in public funds in fiscal year 1997. The corporation does not have an annual audit by a certified public accountant. They have a compilation done. The corporation is not required to provide a copy of the compilation to the public entity. The corporation's meetings are closed to the public. The corporation has 5 full-time and 3 part-time employees. One public official sits on the corporate board by virtue of his/her office. The city does not appoint or approve the corporate board members. The corporation does formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation does maintain separate liability insurance from the public entity, but the corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Duluth - Duluth Housing Trust Fund

6. a. What was the rationale for creating the corporation?

To act as an umbrella agency for the promotion of housing rehabilitation, development and home-ownership opportunities, especially in the area of low and moderate income housing.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Increased access to and funding from private sector funding sources that were reluctant to contribute to public sector housing projects and initiatives.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Promote better cooperation with private sector housing funders through enhanced coordination between those entities and public housing funding sources.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Funding recommendations on housing-related activities.

Additional Comments: The year of incorporation is 1986. The corporation has issued debt. The outstanding amount of the debt as of 12/31/97 was \$117,116 plus 5% of the captured tax increment received by the Duluth Housing Trust Fund Limited Partnership. The corporation did not receive prior approval of the city before issuing the debt. The corporation is a general partner in the Duluth Housing Trust Fund Partnership, which is involved in two projects, United Cerebral Palsy and Women's Transitional Housing. The Partnership's contractual obligations to the developers/owners of the two projects are contingent upon receipt by the Partnership of captured tax increment generated by the projects and other contingencies as set forth in the Development Agreements. A Limited Partnership Capital Contribution Agreement requires the Limited Partner to remit 100% of the captured tax increment to the Duluth Housing Trust Fund, Inc., which in turn remits 5% of the captured tax increment to the Limited Partner. The corporation reports receipt of \$51,199 from other government sources and \$143,563 in private funds in 1996, and \$17,427 from other government sources and \$33,876 in private funds in 1997. Reported expenditure of public funds by the corporation total \$15,837 in 1996 and \$16,510 in 1997. The city does not review or approve the corporation's budget or expenditures. The corporation does not maintain a separate mailing address from the city, and the corporation's financial statements are included in the City of Duluth's audited financial statements. Two public officials sit on the corporate board by virtue of their public office, and the city appoints 9 out of the 11 corporate board members. The corporation does not maintain separate liability insurance from the city and the corporation's treasurer or chief financial officer is not bonded. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation has no employees. Public officials and employees provide services for the corporation and are compensated by the public entity for the corporate work. The corporation reports that its meetings are open to the public and are held in a government building, but notice of these meetings is not posted in a public place or published in a local newspaper.

City of Fergus Falls - PEG Access of Fergus Falls, Inc.

6. a. What was the rationale for creating the corporation?

Corporation was created to develop and administer a public, educational, and governmental access facility for subscribers of cable television in Fergus Falls, Minnesota. The city was not in the business of running a cable television channel, and therefore felt the responsibility would better be served by a separate corporation. The corporation has a separate Board of Directors each bringing their own area of expertise to the organization. The city anticipated the corporation would be a more efficient method to accomplish its goals.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The city anticipates the corporation would be a more efficient method to accomplish its goals listed in 6a.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Administers a public, educational, and governmental access facility for the subscribers of cable television.

Additional Comments: The year of incorporation is 1997. The corporation was created through official action of the city. No debt has been issued. The corporation reports the receipt of \$59,608 from the city and \$35,330 in private funds in 1997 and the expenditure of \$9,900 in public funds in 1997. The corporation does not have an annual audit by a certified public accountant, and its financial information is not included in the city's annual financial audit. The corporation is not required to provide a copy of the audit to the public entity. The corporation's budget and expenditures are not reviewed or approved by the city. One city official sits on the corporate board by virtue of his/her office. The city does not appoint or approve the other corporate board members. The corporation does not maintain liability insurance separate from the public entity. The corporation has one full-time employee. The employee is subject to the policies of the public entity and is not covered by an employer-sponsored pension plan. In addition, public entity officials and employees provide services for the corporation and receive compensation from the public entity for the work. There is a fiscal host agreement that provides for payment to the city based on a percentage of the budget. The corporate meetings are open to the public, are held in a government building, but notice of the meetings is not published or posted. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation's treasurer or chief financial officer is bonded.

City of Fergus Falls - Project 2000 of Fergus Falls

6. a. What was the rationale for creating the corporation?

The corporation was created for the purpose of furthering economic development of the Fergus Falls area by providing assistance and promoting growth, expansion, and development of business concerns. The city's economic development activities had remained stagnant for several years prior to this creation. It was the hope of the city that Project 2000 would revitalize its economic development efforts. Project 2000 was trusted with the task of producing 2000 jobs by the year 2000. The city anticipated the corporation would be a more efficient method to accomplish its goals.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The city anticipated the corporation would be a more efficient method to accomplish its goals as described in 6a.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Provide economic development services.

Additional Comments: The year of incorporation is 1993. The corporation was created by official action of the city. No debt has been issued. The corporation reported receipt of \$177,500 from the city and \$723 in private funds in 1996 and \$172,500 from the city and \$629 in private funds in 1997. The total expenditure of public funds reported by the corporation was \$155,358 in 1996 and \$122,065 in 1997. The corporation's budget and expenditures are not approved or reviewed by the city council; however, the corporation's financial information is included in the city's audited financial statements. One public official sits on the corporate board by virtue of his/her public office. The city does not appoint or approve the other corporate board members. The corporation has 1 full-time employee. Public officials and employees do provide services for the corporation and receive compensation from the public entity for the work. The corporation reports that it does maintain separate liability insurance from the public entity. The corporation does not formally bid its contracts. The corporation's meetings are open to the public and are held in a government building. Notice of the meetings is posted and published. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation's treasurer or chief financial officer is not bonded.

City of Heron Lake - City of Heron Lake Economic Development Corporation

6. a. What was the rationale for creating the corporation?

Need for rental housing in our city.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Building and managing apartment units.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1997. Debt was issued, and the outstanding amount of the debt as of 12/31/97 was \$207,288. The debt was issued in the name of the corporation with the city's approval. The corporation reports the receipt of \$16,510 from the city in 1997. The total amount of \$16,510 was expended in 1997. The corporation's audit is included in the public entities audited financial statements. The corporation does not maintain a separate mailing address from the city. The corporation's budget and expenditures are reviewed or approved by the city. Corporate board meetings are open to the public, are held in the government building, and notice of the meetings is posted in a public place, but is not published. The corporation has one part-time employee who is subject to the policies of the public entity but is not covered by a pension plan. There are no written contracts between the city and the corporation. Two public officials sit on the board by virtue of their offices, and the city appoints or approves the remaining five corporate board members. The corporation does formally bid its contracts. The corporation does not maintain separate liability insurance from the public entity, but the corporation's treasurer or chief financial officer is bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Hinckley - Hinckley Convention and Visitors' Bureau

6. a. What was the rationale for creating the corporation?

To help local motels compete with other areas.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Tourism promotion.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Tourism promotion.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1995. The corporation was created by official action of the city. No debt has been issued. The corporation reports the receipt of \$93,617 for the city occupancy tax and \$7,782 in private funds in 1996 and \$167,880 in city occupancy tax and \$120 in private funds in 1997. The reported expenditure of public funds by the corporation is \$29,596 in 1996 and \$154,371 in 1997. The corporation has an annual audit by a private certified public accountant. The corporation is not required to provide a copy of the audit to the public entity. The corporation's budget and expenditures are not reviewed or approved by the city. The corporation has one full-time employee who is covered by the policies of the public entity but is not covered by a pension plan. Public officials and employees do provide services for the corporation but are uncompensated for the work. The corporation reports that it does maintain liability insurance separate from the public entity. There are no written contracts between the city and the corporation. No public officials sit on the board by virtue of their public office, but the city appoints or approves 2 of the 10 corporate board members. The corporate board meetings are open to the public, are held in a restaurant or motel meeting room, but notice of the meetings is not published or posted. The corporation reports that it does formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is not bonded.

Cities of Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake and West St. Paul - Northern Dakota County Community Television Corporation

6. a. What was the rationale for creating the corporation?

To facilitate community programming.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Provide training, audio/visual equipment, studio facilities, and cable channel time for the public to produce or submit programs on public, multi-faith, or community bulletin board cable channels on a non-discriminatory, first-come, first-serve basis, without regard to the content of the programs. Producing or coordinating the production of local programming for educational, government, public, multi-faith, or community bulletin board channels. Recruiting and maintaining a large pool of volunteers for these purposes. Fundraising and developing revenues for these purposes. Interacting, partnering, networking with the community of non-profits who share many of the same clientele/constituents and use our services as a communication tool in fulfilling their missions.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

By combining the relatively small resources of the joint powers cooperative with the small resources of the non-profit, we create an economy of scale that allows the operation to have a community center facility and greatly expands the services that can be offered to the public. This is beneficial to the community, while all concerns of oversight, liability, receipt and expenditure of funds, open meeting and accessibility to information are clearly accounted for and observed in our organizational structure and our operations.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Training, equipment, and facilities, cable channel time, promotion, master control operation, and other management services.

Additional Comments: The year of incorporation is 1987. The corporation has issued debt, and the outstanding amount of debt as of 12/31/97 was \$299,665. The corporation did receive the approval of the public entities prior to issuance of the debt. The corporation reported receipt of \$86,928 in cable franchise fees and \$123,791 in private funds in fiscal year 1996 and \$83,544 in cable franchise fees and \$171,765 in private funds in fiscal year 1997. The corporation expended the total amount of cable franchise fees in 1996 and 1997. The corporation's budget or expenditures are reviewed or approved by the public entities. The corporation is audited by a private certified public accountant, and a copy of an audit is provided to the cities. The corporation has five full-time and two part-time employees. The employees are not subject to the policies of the public entities and are not covered by a corporate pension plan. Public entity officials and staff do provide services for the corporation. They receive compensation from the public entities for the work for the corporation, and the corporation reimburses the public entities for hours worked by the public entities' clerical staff. The corporation has the same mailing address as one of the public entities. The corporation is listed as an also insured on the League of Minnesota Cities Insurance Trust liability insurance and carries separate broadcasters insurance. The corporate treasurer or chief financial officer is bonded. No public officials serve on the corporate board by virtue of their office, but the public entities approve or appoint 5 of the 11 corporate board members. The corporate board meetings are open to the public but are held in the PEG access facility conference room. Notice of the meetings is not posted or published. Agreements between the public entities and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

City of Minneapolis - Community Action of Minneapolis

6. a. What was the rationale for creating the corporation?

Diversify funding base, operational flexibility and enhancement.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising and economic development.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Diversify funding base, operational flexibility and enhancement through fundraising and economic development.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1994. No debt was issued. The corporation reports receipt of \$7,906,522 from other governmental sources and \$244,532 in private funds in fiscal year 1996 and \$10,655,926 from other governmental sources and \$329,565 in private funds in fiscal year 1997. They report expenditure of public funds in the amount of \$7,906,522 in fiscal year 1996 and \$10,655,926 in fiscal year 1997. The corporation is annually audited by a certified public accountant, and the financial information is included in the public entity's audit. Five public officials serve on the corporate board of directors by virtue of their office, but the public entity does not appoint or approve any additional members. The corporation's treasurer or chief financial officer is bonded. The corporation reports that it does formally bid its contracts. The corporation does not maintain a separate mailing address from the public entity. The corporation has 35 full-time and 7 part-time employees, and these employees are covered by a public employees' pension plan applicable to the public entity, but are not subject to the policies of the public entity. The corporation reports that it maintains liability insurance separate from the public entity. The meetings of the corporation are closed to the public. There are no agreements between the corporation and the public entity memorialized in written contracts. Officials or employees of the public entity do not provide services for the corporation.

City of Minneapolis - Greater Minneapolis Convention and Visitors' Association

6. a. What was the rationale for creating the corporation?

The Greater Minneapolis Convention and Visitors' Association was formed as a successor to the Minneapolis Convention and Visitors' Commission. It was established after nine months of study. The purpose was to create a public/private partnership for the purpose of promoting Minneapolis as a convention designation, particularly with the construction of the Minneapolis Convention Center underway.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The Greater Minneapolis Convention and Visitors' Association conforms to a predominant type of community convention and tourism promotion agency in the United States. As such an agency, it markets Minneapolis as a convention and visitors' destination.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

A convention and visitors' association is a public/private partnership allowing for more flexibility in marketing efforts and providing a mechanism whereby private funds are used to match public funds. It also distances this activity from the city reducing the burden of administration for the activity upon the city.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Provides sales and marketing efforts for community and the public convention center.

Additional Comments: The year of incorporation is 1987. The Greater Minneapolis Convention and Visitors' Association (GMCVA) has issued debt and the outstanding amount of that debt on 12/31/97 was \$589,419. The city did not approve the issuance of this debt. The corporation reported that it received \$3,088,200 from the city, \$25,000 from other governmental sources and \$1,350,808 in private funds in 1996 and \$3,463,200 from the city, \$24,577 from other governmental sources and \$2,498,534 in private funds in 1997. The corporation reports expenditure of public funds in the amount of \$3,113,200 in 1996 and \$3,487,777 in 1997. The corporation does have an annual audit by a certified public accountant, and the financial information is included in the city's financial statements. The public entity does review or approve the corporation's budget or expenditures. The corporation's meetings are open to the public and are held in government buildings, private offices or homes and hotels, but notice of the meetings is not posted or published. Eight public officials sit on the corporate board by virtue of their offices, and the public entity does appoint or approve 7 of the 41 corporate board members. The corporation has 35 full-time and 8 part-time employees. City officials and employees provide services for the corporation and are uncompensated for their work for the corporation. The corporation reports that it does have liability insurance separate from the public entity. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation is currently involved in litigation with a third party. The Association is part of a class action relating to the civil and criminal charges for CFS Payroll Service. CFS Payroll Service misappropriated payroll tax funds due the IRS for the GMCVA employees. GMCVA actions are intended to recover all or part of the misappropriated funds in the amount of \$190,000 plus. GMCVA has repaid the IRS. The value of the annual salary and all other forms of compensation paid to the highest paid officer or employee of the corporation is in the range of \$120,000 to \$149,000. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is bonded.

City of Minneapolis - Minneapolis Convention Fund

6. a. What was the rationale for creating the corporation?

A contribution vehicle for foundations, corporations, and others not directly benefitting from convention business lessening the burden of government.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Raising funds for the city of Minneapolis to be used for public purposes to promote and market the city as a convention destination.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Marketing and business solicitation for the city's convention and trade market.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Raise funds for the city to assist the city in defraying the expenses incurred by the city in promoting the city as a convention, exhibition and tourist destination.

Additional Comments: The year of incorporation is 1989. No debt has been issued. The corporation reported that it received \$34,779 in private funds in 1996 and \$6,247 in private funds in 1997. The corporation reports no expenditure of public funds in 1996 or 1997. The corporation does have an annual audit by a certified public accountant. The corporation is required to provide a copy of the audit to the public entity. The public entity does not review or approve the corporation's budget or expenditures. The corporation's meetings are open to the public, and the meeting location is the Greater Minnesota Convention and Visitors' Bureau, but notice of the meetings is not posted or published. One public official sits on the corporate board by virtue of his/her office. The public entity does not appoint or approve the remaining corporate board members. The corporation has no employees. City financial department employees provide accounting services to the corporation and are compensated by the public entity for their work for the corporation. The corporation reports that it does have liability insurance separate from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does not formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is bonded.

City of Minneapolis - Minneapolis Initiative Against Racism

6. a. What was the rationale for creating the corporation?

Combating racism, generating public support for anti-discrimination programs and activities.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising, advocacy, multi-jurisdictional partnerships.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Participation and collaboration with non-profit organizations.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1993. The corporation has issued debt, and the outstanding amount of the debt as of 12/31/97 was \$10,000. Approval of the public entity was not obtained prior to the debt being incurred. The corporation reports the receipt of \$20,000 in private funds in 1996 and \$17,500 in 1997. They report no receipt or expenditure of public funds in 1996 or 1997. The corporation is annually audited by a private certified public accountant and the audit is included in the public entity's audited financial statements. The corporation reports that it does not maintain liability insurance separate from the public entity. The corporation has no employees. Volunteers provide all services for the corporation. Corporate meetings are open to the public and are held in the University building, but notice of the meetings is not posted or published. There are no written contracts between the city and the corporation. One public official sits on the corporate board by virtue of his/her office. The city does not appoint or approve the remaining board members. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Minneapolis - Minneapolis Telecommunications Network (MTN)

6. a. What was the rationale for creating the corporation?

Operation of a community access cable communication system.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Carrying out the FCC mandate that community cable systems offer a strict interpretation of First Amendment rights which the public entity did not want to infringe upon.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Charge fee-based services and memberships, engage in fundraising.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Provide taped playback and live engineering of all city television channel needs. City uses Channel 34 for city hall productions.

Additional Comments: Year of incorporation is 1983. No debt has been issued. The corporation reports receipt of \$220,391 from the public entity, \$372,389 in Paragon Cable franchise fee, and \$70,894 in private funds in 1996, and \$218,100 from the public entity, \$277,389 in Paragon Cable franchise fee and \$36,433 in private funds in 1997. The reported expenditure of public funds by the corporation in 1996 was \$592,808 and in 1997 was \$495,489. The corporation's budget or expenditures are approved or reviewed by the city. The corporation has an annual audit by a private certified public accountant and the corporation is required to provide a copy of the audit to the public entity. Agreements between the city and the corporation are memorialized in written contracts. The corporation has 9 full-time and 7 part-time employees. No public officials sit on the corporate board by virtue of their public office, but the city does appoint or approve the 9 corporate board members. The corporation reports that it does maintain liability insurance separate from the city. The corporation reports that it does formally bid its contracts. Meetings of the corporation are open to the public and are held at the corporation's office. Notice of the meetings is posted, but is not published. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Minneapolis -The City Hall Committee a.k.a. The Committee for City Hall

6. a. What was the rationale for creating the corporation?

To raise funds to provide aesthetic improvements to Minneapolis City Hall - Courthouse, listed on the National Register of Historic Places.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To raise public and private funds for major building improvements which were beyond the ability of the municipal tax levy to fund.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The public entity was unable to support the magnitude of the dollars necessary to aesthetically and historically preserve the building.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The corporation has been inactive for many years so no services of any kind have been provided. If however, a fundraising activity was reinstated, the mechanisms are in place to immediately perform that function.

Additional Comments: The year of incorporation is 1981. The corporation is currently inactive so there is no receipt or expenditure of funds in 1996 or 1997.

City of Minneapolis Community Development Agency - Minneapolis Economic Development Company

6. a. What was the rationale for creating the corporation?

It provided access to an additional economic development tool for city small business financing.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The corporation was able to qualify as an SBA Certified Development Corporation, thereby gaining access to the 504 lending program.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

A public entity cannot be certified as a 504 Certified Development Corporation.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1983. The corporation reports issuing debt and the outstanding amount on 12/31/97 was \$17,069,447. The corporation received the prior approval of the public entity before debt was issued. The corporation reports receipt of \$1,287,443 in private funds in fiscal year 1996 and \$1,616,312 in private funds in fiscal year 1997. They report zero expenditure of public funds in calendar year 1996 and 1997. The corporation is annually audited by a certified public accountant. The corporation is required to provide a copy of the audit to the public entity. The corporate audit is not included in the public entity's audited financial statements. The public entity does approve or review the corporation's budget or expenditures. The corporation does not maintain a separate mailing address from the public entity. The meetings of the corporation are closed to the public. The corporation has no employees. Public officials and employees do provide services for the corporation and are compensated by the public entity for their work for the corporation. One public official does serve on the corporate board by virtue of his/her office, and the public entity appoints one of the 10 members of the corporate board. The corporation does maintain separate liability insurance from the city, but the corporation's treasurer or chief financial officer is not bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

City of Minneapolis Park and Recreation Board - Minneapolis Municipal Athletes Association (MMAA)

6. a. What was the rationale for creating the corporation?

To streamline expenditures in paying game officials and managing money from entry fees.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Bound by civil service rules for all hiring.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Hiring, training and paying game officials, clinicians and purchasing of supplies.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1936. The city believes that official action of the city created the corporation. The corporate board oversees adult sports in Minneapolis through the Park and Recreation Board, approves contracts with officials and expenditures. No debt has been issued. The corporation reports the receipt of \$385,630 in private funds in 1996 and \$371,091 in private funds in 1997. They report receipt and expenditure of no public funds. The corporation is annually audited by a private certified public accountant, and the corporation is required to provide a copy of the audit to the public entity. The corporation has no employees. Public employees provide services to the corporation, and this work is included in the employees' job descriptions. The public employees are compensated by the public entity for their work on behalf of the corporation. The corporation does not maintain liability insurance separate from the public entity. No public officials sit on the corporate board by virtue of their public office, and the public entity does not appoint or approve corporate board members. Corporate board meetings are open to the public and are held at a restaurant; however, notice of the meetings is not posted or published. The corporation does not have a mailing address separate from the public entity. The corporation's treasurer or chief financial officer is bonded. Agreements between the corporation and the public entity are not memorialized in written contracts.

City of Minneapolis Planning Department - Friends of CUE

6. a. What was the rationale for creating the corporation?

As stated in by-laws and articles of incorporation - Educational purpose.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

As stated in by-laws and articles of incorporation.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

As stated in by-laws and articles of incorporation.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Advice.

Additional Comments: The year of incorporation is 1979. No debt has been issued. The corporation reported that it received \$3,705 in private funds in calendar year 1996 and \$745 in private funds in calendar year 1997. The corporation reports no expenditure of public funds in calendar year 1996 or 1997. The corporation does not have an annual audit by a certified public accountant, and the public entity does not review or approve the corporation's budget or expenditures. The corporation's meetings are open to the public, and the meeting location is in a government building, but notice of the meetings is not posted or published. No public officials sit on the corporate board by virtue of their offices, and the public entity does not appoint or approve the corporate board members. The corporation has no employees. City officials and employees provide services for the corporation and are compensated by the public entity for their work for the corporation. The corporation reports that it does not have liability insurance separate from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does not maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is not bonded.

6. a. What was the rationale for creating the corporation?

Corner House incorporated as a private, non-profit organization in 1988 as a result of a collaborative planning process which took place over nearly 2 ½ years ago. This was an interagency process which included the Hennepin County Attorney's Office, Hennepin County Children and Family Services, Hennepin County Medical Center, The Minneapolis Police Department and Children's Health Care Minneapolis. These agencies as well as other members of the community at large came together to determine how Hennepin County's response to child sexual abuse could be improved. The discussions resulted in the creation of an independent agency called Corner House: Interagency Child Abuse Evaluation Center.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Corner House is a collaborative agency established in response to a need to reduce trauma to children who report being sexually abused while increasing the effectiveness of fact finding efforts by providing consistency in the methods of interviewing children. National attention to communities where reports of child abuse were followed by multiple interviews conducted by investigative, legal and social services, demonstrated the need for early and coordinated intervention by those responding professionals to create an exemplary response network at the local level. Officials in Hennepin County established Corner House to provide consistency in the methods of interviewing children and the evaluation model was intended to provide an ethical and sensitive way to protect children resulting in the least trauma to families.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

A key to reducing trauma to children is limiting the number of times children are interviewed or examined. Corner House provides expert interviewing and medical assessments of children with multidisciplinary case team assessment. In addition, Corner House provides information and referrals, expert testimony, pre- and post-interview consultation and case coordination. The Corner House Training Center also offers an array of multidisciplinary training sessions for law enforcement investigators, county attorneys, and child protection professionals to teach the Corner House model of forensic interviews and mandated reporter training for other professionals serving children.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Children come to Corner House at the request of Hennepin County Child Protection, the Minneapolis Police Department, or Hennepin County suburban law enforcement agencies. Referrals for interviews meet the intake criteria when the child has made a disclosure of sexual abuse, was witness to a violent crime, or experienced other types of extreme trauma or situations such as severe physical abuse. Consultation is provided to contacting agencies regarding individual case issues. As requested by referring professionals, medical examinations may be scheduled.

Additional Comments: The year of incorporation is 1988. No debt has been issued. The corporation reported receipt of \$175,850 from Hennepin County, \$90,000 from the City of Minneapolis, \$258,263 in private and other governmental funds in 1996, and \$175,850 from Hennepin County, \$90,000 from the City of Minneapolis, and \$215,757 in private and other governmental funds in 1997. The reported expenditure of public funds by the corporation in 1996 was \$492,869 and in 1997 was \$508,545. The corporation's budget and expenditures are not reviewed or approved by a public entity. The corporation is audited annually by a private certified public accountant, and the corporation is required to provide a copy of the audit to the public entity. The corporation has 9 full-time and 2 part-time employees. The corporation reports that it maintains liability insurance separate from the public entities. Eight public officials sit on the corporate board by virtue of their offices. The public entity appoints or approves 8 out of the 23 total corporate board members. The corporation does maintain a separate mailing address from the public entity. Meetings of the corporation are closed to the public. Agreements between the corporation and the public entity are memorialized in written contracts. The corporation's treasurer or chief financial officer is bonded. Officials or employees of the public entity do not provide services for the corporation.

City of Minneapolis Police Department - Minneapolis Police Athletic League

6. a. What was the rationale for creating the corporation?

To develop a program that would build positive relationships between Minneapolis Police Officers and inner-city youth.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Provide athletic, educational, and cultural programming for youth. To be self sufficient in fundraising for all youth programming.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Non-profit fundraising.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Youth crime prevention and intervention programs.

Additional Comments: The year of incorporation is 1996. The corporation was created through official action of the public entity. There has been no debt issued. The corporation reports the receipt of \$196,434 from the public entity, \$43,733 from other governmental sources and \$29,741 in private funds in 1996 and \$191,581 from the public entity, \$289,794 from other governmental sources and \$31,909 in private funds in 1997. The expenditure of public funds reported for 1996 was \$243,059 and for 1997 was \$371,874. The corporation reports that it has an annual audit by a certified public accountant, but the corporation is not required to provide a copy of the audit to the public entity. The corporation has 5 full-time and 1 part-time employees who are covered by the public employees' pension plan and who are subject to the policies and procedures of the public entity. Public officials and employees also provide services to the corporation and are compensated by the public entity for this work for the corporation. The corporation reports that it does maintain liability insurance separate from the public entity. One public official serves as a corporate board member by virtue of his/her office, but the public entity does not review or appoint the remaining board members. The corporate meetings are open to the public and are held in a government building, but notice of the meetings is not posted or published. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation's treasurer or chief financial officer is not bonded.

City of Minneapolis Public Library Board - Minneapolis Public Library Foundation

6. a. What was the rationale for creating the corporation?

To raise contributions from the public with proceeds to support library programs and activities.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The corporation could hire a professional fundraiser as staff. The Library Board is unable to hire this type of professional due to City Charter provisions.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fundraising including donor-restricted endowment funds.

- 15. What, if any, services does the corporation provide for or on behalf of the public entity?**

No comment.

Additional Comments: The year of incorporation is 1994. The foundation is currently inactive but reports receipt of \$43 in private funds in 1996 and \$74 in private funds in 1997. The foundation has no employees. Public employees provided services for the corporation and received compensation from the public entity for their services. The corporation does not maintain a separate mailing address from the public entity.

**City of Minneapolis Transportation Management Organization - Downtown Minneapolis
Transportation Management Organization**

- 6. a. What was the rationale for creating the corporation?**

To operate a public/private partnership to promote efficient and environmentally sound transportation networks to ensure that growth prospers in downtown Minneapolis.

- b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?**

More concentrated focus on transportation to meet the needs of employers, business interests, the city and employees.

- c. What activities or functions can the private corporation perform better or more efficiently than the public entity?**

Focus more time and energy encouraging support for more alternative forms of transportation for the purpose of keeping downtown Minneapolis vital and healthy.

- 15. What, if any, services does the corporation provide for or on behalf of the public entity?**

Transportation related matters to promote transportation programs to downtown employers and their employees.

Additional Comments: The year of incorporation is 1992. No debt has been issued. The corporation reported that it received \$220,377 from other governmental sources and \$46,469 in private funds in 1996 and \$286 from the public entity and \$45,397 in private funds in 1997. The corporation reports a total expenditure of \$102,810 in public funds in 1996 and \$100,164 in public funds in 1997. The corporation does have an annual audit by a certified public accountant, and the corporation is required to provide a copy of the audit to the public entity. The public entity reviews or approves the corporation's budget or expenditures. The corporation's meetings are open to the public, and the meeting location rotates to different board member locations, but notice of the meetings is not posted or published. Two public officials sit on the corporate board by virtue of their office, and the public entity appoints or approves the remaining 12 corporate board members. The corporation has 3 full-time and 3 part-time employees who are covered by the downtown council's pension plan. Public officials or employees do provide services to the corporation and are compensated by the public entity for their work for the corporation. The corporation reports that it does have liability insurance separate from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is bonded.

City of Montevideo - Montevideo Community Development Corporation

6. a. What was the rationale for creating the corporation?

To create a non-profit corporation to receive and administer grant funds and to create an effective coalition of private, civic and public groups to promote economic development.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To receive and administer grant funds.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The coalition of public, civic and private entities creates a broad based synergized program to stimulate economic development in and around the community.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Administration of grant funds and revolving loan funds for economic development purposes. Coordinate multi-faceted economic development activities involving public and private agencies.

Additional Comments: The year of incorporation is 1977. No debt has been issued. The corporation reported the receipt of \$4,325 from other governmental sources and \$395,890 in private funds in 1996 and \$2,625 from other governmental sources and \$24,838 in private funds in 1997. The corporation reported zero expenditure of public dollars in 1996 and 1997. The city reviews or approves the budget or expenditures of the corporation. The corporation is audited annually along with the city and the corporation's financial statements are included in the city's audited financial statements. The corporation does not maintain a mailing address separate from the city. The corporation has no employees. Public officials and city staff provide services for the corporation and are uncompensated for the work. Meetings of the corporate board are closed to the public. Two public officials sit on the board by virtue of their public offices. The public entity appoints or approves two out of eight total corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the city and the corporation are memorialized in written contracts.

City of Moorhead - Moorhead Community Access Television (MCAT)

6. a. What was the rationale for creating the corporation?

To provide a public access channel to the people of Moorhead.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Day to day operations of the public access channel.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Providing expertise on public access television issues.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Televise council meetings, Community Bulletin Board.

Additional Comments: The year of incorporation is 1985. No debt has been issued. The corporation reported the receipt of \$36,000 from the city in 1996 and \$39,600 from the city in 1997. The corporation reported total expenditure of public funds in the amount of \$39,595 in 1996 and \$36,293 in 1997. The city reviews or approves the budget or expenditures of the corporation. The corporation has an annual audit, and the corporation's financial statements are included in the city's audited financial statements. The corporation has no employees. Public officials and city staff provide services for the corporation and are uncompensated for the work. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is posted, but is not published. One public official sits on the board by virtue of his/her public office. The public entity appoints or approves one out of nine total corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is not bonded. Agreements between the city and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts. The corporation has no employees. The corporation does maintain a separate mailing address from the public entity.

City of Morgan - Morgan Economic Development Authority

6. a. What was the rationale for creating the corporation?

To preserve and create jobs, enhance tax base, promote general welfare of the people in the city.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Ability to issue loans to commercial/industrial enterprises at a rate affordable by local businesses.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Issue commercial/industrial loans, assist with down payment assistance loans for residential purchasers, assist with housing rehabilitation loans.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1989. No debt has been issued. The corporation reported the receipt of \$4,800 from the city and \$4,689 in private funds in 1996 and \$6,946 in private funds in 1997. The corporation reported total expenditure of public funds in the amount of \$11,980 in 1996 and \$1,504 in 1997. The city reviews or approves the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has an annual audit by a certified public accountant, and the corporation is required to provide a copy of the audit to the public entity. The corporation has no employees. Public officials and city staff provide services for the corporation and are uncompensated for the work. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is posted, but is not published. Five public officials sit on the board by virtue of their public offices, and the city council appoints the remaining two corporate board members. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is bonded. Agreements between the city and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts.

City of Osakis - Osakis Economic Development Corporation

6. a. What was the rationale for creating the corporation?

For Star City status.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No reason, just a requirement for Star City status.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

None.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Economic development support.

Additional Comments: The year of incorporation is 1982. No debt has been issued. The corporation reported the receipt of \$1,276,700 in private funds in 1996 and \$1,507,825 in private funds in 1997. The corporation reported no expenditure of public funds in 1996 or 1997. The city does not review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has an annual audit by a certified public accountant, and the corporation is required to provide a copy of the audit to the public entity. The corporation has 3 full-time and 1 part-time employees. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is published, but is not posted. One public official sits on the board by virtue of his/her public office. The public entity does not appoint or approve any corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the city and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts. Officials or employees of the public entity do not provide services to the corporation.

City of Perham - Perham Area Community Center

6. a. What was the rationale for creating the corporation?

To provide a means for individuals, companies, City and School District to develop and operate a multi-purpose community center.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None. It provided a voluntary means of raising significant funds to support the construction and on-going operation of the center.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

It can take donations and pledges from residents and non-residents of the city. It manages operations of the facility by members including hiring of staff.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None. The city does contract with the Center to manage its summer recreation program in lieu of hiring separate staff.

Additional Comments: The year of incorporation is 1988. Debt was issued by the city in the amount of \$250,000 in 1988 and \$810,000 in 1995. In addition, the corporation took a loan from the city, and the outstanding amount of this obligation on 12/31/97 was \$15,000. The corporation reported the receipt of \$95,000 from the city and \$721,088 in private funds in 1996 and \$71,951 from the city and \$690,764 in private funds in 1997. The corporation reported expenditure of public funds in the amount of \$95,000 in 1996 and \$71,951 in 1997. The city does review or approve the budget or expenditures of the corporation. The corporation is included in the city's financial statements as a component unit. The corporation has 5 full-time and 35 part-time employees. Meetings of the corporate board are open to the public and are held at the Community Center; however, notice of the meetings is not published or posted. One public official sits on the board by virtue of his/her public office. The city does not appoint or approve the remaining corporate board members. The corporation reports that it does not maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is not bonded. However, the city notes that all funds are deposited in an account under the city's control. Agreements between the city and the corporation are memorialized in written contracts. The corporation does formally bid its construction contracts. See Attachment 3 for letter from city containing further explanation. The corporation does maintain a separate mailing address from the public entity. Officials or employees of the public entity do not provide services for the corporation.

City of Perham - Perham Lakeside Country Club

6. a. What was the rationale for creating the corporation?

To provide a management organization for a public golf course.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Management at the golf course.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Management at the golf course.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The corporation manages the golf course. They employ the Club's pro, grounds keepers, and operate the Pro shop and food service. They oversee the day to day management of the golf course operations.

Additional Comments: The year of incorporation is unknown. Debt was issued by the city in the amount of \$422,500. The corporation has also issued debt. The outstanding amount of debt as of 12/31/97 was \$121,500. The corporation received approval of the public entity before issuing the debt. The corporation reported the receipt of \$462,387 in private funds in 1996 and \$462,387 in private funds in 1997. The corporation reported no expenditure of public funds in 1996 or 1997. The city does review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation provides the city with a copy of a financial statement prepared by a local accountant but does not have an annual audit by a certified public accountant. This information is included in the city's financial statements. The corporation has 2 full-time and 10 part-time employees. Meetings of the corporate board are open to the public and are held at the country club. Notice of the meetings is not published or posted. No public officials sit on the board by virtue of their public offices, and the city does not appoint or approve the corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the city and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. See Attachment 3 for letter from city. Officials or employees of the public entity do not provide services for the corporation.

City of Prinsburg - Prinsburg Fire Department

6. a. What was the rationale for creating the corporation?

Incorporated prior to the city and town taking over operation of the department because of financial difficulties experienced by the Fire Department. The Fire Department turned all its assets over to the city in 1974. Holland Township purchased a share of the Fire Department in 1982, and the two public entities share expenses.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fire fighting services.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fire fighting services.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Fire fighting services for protection of the community.

Additional Comments: The city had very little information to provide on the survey. The year of incorporation is unknown. They believe no debt has been issued by the corporation. The corporation reported receipt of \$25,276 from the public entities in 1996 and \$23,332 from the public entities in 1997. The expenditure of public funds by the corporation totaled \$20,069 in 1996 and \$23,308 in 1997. The corporation's budget is approved by the public entities, and the public entities pay the corporation's expenses. The corporation does not have a mailing address separate from the city and does not maintain separate liability insurance. The fire department has all volunteer members, and services are provided by city officials and employees. There is a fire board consisting of two city council members, two township board members, and two fire department members. The corporate board makes recommendations to the city and township boards who make the final decisions. Agreements between the public entities and the corporation are not memorialized in written contracts. Meetings of the corporation are open to the public and are held in a government building. Notice of the meetings is posted at a public place, but is not published. The corporation does not have an annual audit. The corporation's treasurer or chief financial officer is bonded.

City of Richfield - Friends of Wood Lake Nature Center

6. a. What was the rationale for creating the corporation?

Fundraising and support mechanism for the nature center.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising for specific nature center needs including small capital projects and intern stipends.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Political approval body that focuses solely on nature center issues. All activities are thoroughly discussed before passing on to the mechanisms of the public entity.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Conducts park clean-ups, provides volunteer help at special events, handles public relations, distributes advertising for programs.

Additional Comments: The year of incorporation is 1991. No debt has been issued, and the corporation reports no expenditure of public funds in 1996 or 1997. The corporation reported receipt of \$30,187 in private funds in 1996 and \$32,558 in private funds in 1997. The corporation's budget or expenditures are reviewed or approved by the public entity. The corporation's audit is included in the public entity's annual financial audit. The corporation has no employees. Services are provided by city officials and employees who are compensated by the public entity for their work for the corporation. It is considered a part of the public employees' job duties. The corporation does not maintain liability insurance separate from the city. One public official serves on the corporate board by virtue of his/her office, and the city appoints or approves the remaining 11 corporate board members. The corporate board meetings are open to the public and held in a government building, and notice of the meetings is posted, but is not published. Agreements between the public entities and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. The corporation's treasurer or chief financial officer is not bonded.

City of Richfield - Richfield Tourism Promotion Board

6. a. What was the rationale for creating the corporation?

To promote tourism in Richfield.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Administers promotional activities for Richfield.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Work directly with the hotels/motels in Richfield to promote marketing initiatives.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Promote Richfield as a place to visit and do business.

Additional Comments: The year of incorporation is 1990. No debt has been issued, and the corporation reports no expenditure of public funds in 1996 or 1997. The corporation reported receipt of \$1,275 from other governmental sources and \$119,009 in private funds in 1996 and \$1,293 from other governmental sources and \$140,691 in private funds in 1997. The corporation's budget or expenditures are reviewed or approved by the city. The corporation does not have an annual audit by a certified public accountant. The corporation has no employees. Services are provided by city officials and employees who are compensated by the public entity for their work for the corporation, mainly at quarterly meetings. The corporation has the same mailing address as the city. The corporation does maintain liability insurance separate from the city. No public officials serve on the corporate board by virtue of their office, but the city appoints or approves all three corporate board members. The corporate board meetings are open to the public and are held in various restaurants and hotel/motel facilities; however, notice of the meetings is not posted or published. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation's treasurer or chief financial officer is not bonded.

City of Roseville - Roseville Local Development Corporation

6. a. What was the rationale for creating the corporation?

To facilitate access to affordable housing for low and moderate income Roseville senior citizens.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

At the time of creation, it was determined that under HUD rules, the city could not compete effectively for CDBG funds necessary for implementing certain programs.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

At the time of creation, the private corporation was better able to meet HUD requirements for housing grant funds than was the city.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Only provides a conduit for Community Development Block Grant funds for affordable housing and related expenditures.

Additional Comments: The year of incorporation is 1987. No debt has been issued, and the corporation reports no receipt of funds from any source or expenditure of public funds in 1996 or 1997. The corporation's budget or expenditures are reviewed or approved by the city. The corporation's audit is included as part of the city's audit. The corporation has no employees and contracts with the city for all administrative services. City officials and employees are compensated by the public entity for their work for the corporation. The corporation has the same mailing address as the city. The corporation does not maintain liability insurance separate from the city. Five public officials make up the corporate board. The corporate board meetings are open to the public and are held in a government building. Notice of the meetings is posted and published. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. The corporation's treasurer or chief financial officer is bonded.

City of St. Hilaire - St. Hilaire Community Center

6. a. What was the rationale for creating the corporation?

Recreational programs for children.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Planned recreational activities/programs.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

These activities/programs have adult leadership.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Building is used for holiday events for children of the community - also used as a place to hold monthly meetings.

Additional Comments: The year of incorporation is 1992. No debt has been issued. The corporation reports the receipt of approximately \$50 in rent in 1996, and \$50 in 1997. They could provide no other information on revenue or expenditures of the corporation. However, the city reported that the corporation does have an annual audit by a certified public accountant and that that report is provided to the city. The corporation's meetings are open to the public and are held at a government building. Notice of the meetings is posted at the public entity, but is not published. The corporation currently has no employees, and the city reports that public officials and staff do not provide services to the corporation. There are written contracts between the city and the corporation. No public officials sit on the corporate board by virtue of their offices, and the city does not appoint or approve the corporate board members. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporation's treasurer or chief financial officer is bonded. The corporation does not formally bid its contracts. The corporation does maintain a separate mailing address from the public entity.

City of St. Paul - Cable Access St. Paul, Inc. a.k.a. Saint Paul Neighborhood Network

6. a. What was the rationale for creating the corporation?

The city wanted an organization to operate public access television as it had negotiated in the franchise with the cable company that channel space and funding be provided for these activities. The city did not want to provide public access services itself because there were First Amendment issues regarding the government's possible interference with freedom of speech and/or perception of such. The city also did not want the cable company to operate a public access because it believed public interest would not be served if public access were operated in this manner.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The non-profit corporation is responsible for providing training and access to video production equipment and facilities as well as free channel time for the presentation of access programming. The corporation also produces programs about community events, public affairs, etc. The city was concerned over First Amendment implications and did not think it was appropriate for it to be the "gatekeeper" in this public forum and believed that this would best be handled by a separate entity.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

In addition to the First Amendment issues noted above, the non-profit corporation can provide public training and access video production facilities and equipment more effectively than the city, because that is their primary mission. The corporation also can provide a membership program and fundraise for sponsorship of various television programs of community interest.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Playback of the government access channel.
Printing and distribution of government channel program schedule.
Video production services for selected events.

Additional Comments: The year of incorporation is 1984. No debt has been issued. The corporation reported receipt of \$8,500 from the city and \$811,384 in private funds in fiscal year 1996 and \$8,500 from the city and \$836,235 in private funds in fiscal year 1997. The total amount of public funds expended in fiscal year 1996 was \$8,500 and in fiscal year 1997 was \$8,500. The corporation's budget or expenditures are reviewed or approved by the public entity. The corporation is annually audited by a private certified public accountant and provides the city with a copy of its financial audit. The corporation has 14 full-time and 6 part-time employees. The employees are not subject to the policies of the public entity, and the employees are covered by a corporate pension plan. No services are provided by city officials or employees. The corporation does maintain liability insurance separate from the city, and the corporate treasurer or chief financial officer is bonded. No public officials serve on the corporate board by virtue of their office but the city appoints or approves 3 of the 14 corporate board members. The corporate board meetings are open to the public and held at the public access studio facility, but notice of the meetings is not published or posted. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. The corporation does maintain a separate mailing address from the public entity.

City of St. Paul - St. Paul Riverfront Corporation a.k.a. Riverfront Redevelopment Corporation

6. a. What was the rationale for creating the corporation?

To aid, assist and advise the city of St. Paul and engage in the planning for and the provision of public improvements and private development necessary to implement the Riverfront Development Plan.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

As a private, non-profit, it could assist the city in its downtown waterfront redevelopment efforts, to solicit and receive funds not available to the city.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Act as a facilitator between the public and private sectors; certain fundraising capabilities.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

To aid, assist and advise the city in the city's downtown waterfront redevelopment efforts through public outreach/education, design assistance/facilitation and fundraising.

Additional Comments: The year of incorporation is 1985. No debt has been issued. The corporation reported receipt of \$386,499 in private funds in 1996 and \$691,407 in private funds in 1997. The corporation reports no receipt or expenditure of public funds in 1996 or 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation is annually audited by a private certified public accountant but does not provide the city with a copy of its audit. From 1985-1992, the corporation's audit was included in the city's audited financial statement. The corporation has 5 full-time employees. City officials and employees do provide services for the corporation and receive compensation from the public entity for their work for the corporation. The corporation does maintain liability insurance separate from the city, and the corporate treasurer or chief financial officer is bonded. Three public officials serve on the corporate board by virtue of their office and the city appoints or approves 7 of the 30 corporate board members. The corporate board meetings are open to the public and are held at public and private buildings and corporate offices, but notice of the meetings is not published or posted. Agreements between the public entity and the corporation are memorialized in the Articles of Incorporation. The corporation does not formally bid its contracts. The annual salary and all other forms of compensation paid to the highest paid officer or employee of the corporation is within the range of \$100,000 - \$119,000. The corporation does maintain a separate mailing address from the public entity.

City of St. Paul Planning and Economic Development Department - St. Paul Workforce Development Council, Inc. a.k.a. St. Paul Private Industry Council

6. a. What was the rationale for creating the corporation?

The Council wanted to be eligible to offer services to the private sector for a fee and accept payment as a non-profit, using the income for program related expenses. They also wanted to be able to accept charitable donations on behalf of the unemployed residents of St. Paul and use those cash or other resources for program related expenses.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Primarily fundraising, particularly from the private or foundation communities, which are sometimes reluctant to contribute to a government entity.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fundraising, and also job development/employment commitments from the private sector.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The council itself is mandated to be established under the terms of federal law, the Job Training Partnership Act, and as a condition of the city receiving funding through that Act. It is not mandated to incorporate, however. The services mandated for the council are to provide advice and oversight on the planning and implementation of employment and training programs for city residents. As a non-profit corporation, they also do fund development, and create a placement program for youths in the private sector. In addition, marketing of all workforce programs in the private employer community is also provided.

Additional Comments: The year of incorporation is 1987. No debt has been issued. The corporation reported receipt of \$207,000 from the city and \$20,350 in private funds in fiscal year 1996 and \$220,000 from the city and \$10,000 in private funds in fiscal year 1997. The corporation reports expenditure of \$207,000 in public funds in fiscal year 1996 and \$220,000 in fiscal year 1997. The corporation's budget or expenditures are reviewed or approved by the public entity. The corporation is annually audited by a private certified public accountant, and the corporation's audit is included in the city's audited financial statement. The corporation has 3 full-time employees. The corporation's policies and procedures are modeled after the city's policies and procedures. City officials and employees do provide services for the corporation and receive compensation from the public entity for their work for the corporation. The corporation does maintain liability insurance separate from the city, and the corporate treasurer or chief financial officer is bonded. Two public officials serve on the corporate board by virtue of their office (a city council member and a school board member), and the city appoints or approves the remaining corporate board members. The corporate board meetings are open to the public and are held in a government building. Notice of the meetings is published and posted. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. The corporation does maintain a separate mailing address from the public entity.

City of St. Paul Port Authority - Capital City Properties

6. a. What was the rationale for creating the corporation?

Capital City Properties was created to assist the Port Authority in carrying out its public purposes, including specifically owning, managing and operating real estate and related businesses which have been repossessed by the Port Authority as part of its credit workout process. The Port Authority manages a significant credit portfolio in the form of both loans and leases. When a borrower is not meeting the contractual obligations of either their loan or lease, the Port Authority may decide to repossess the property and assume the role of operating these businesses. Currently, Capital City Properties owns and operates the Radisson Kellogg and Radisson Inn. We would anticipate that Capital City Properties may be used to own, operate, or manage other businesses or real estate interests or to assist the Port Authority in other economic development activities that may arise in the future.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Capital City Properties was created to assist the Port Authority in carrying out its purposes by holding and/or operating repossessed real estate on behalf of the Port Authority, thereby reducing or eliminating those burdens to the Port Authority. Furthermore, Capital City Properties as a separate legal entity could operate those repossessed businesses and insulate the Port Authority from the related liabilities, complications and risks associated with these businesses. The current businesses operated by Capital City Properties are the two Radisson hotels. Utilizing Capital City Properties has allowed us to avoid adding as many as 500 private employees to the public payroll and related benefits. Furthermore, this ownership structure allows the negotiation of employment and collective bargaining issues as well as "slip and fall" personal injury claims to remain with a non-public entity which has limited resources and no taxing authority.

15. **What, if any, services does the corporation provide for or on behalf of the public entity?**

Capital City Properties was created to assist the Port Authority in carrying out its purposes by holding and/or operating repossessed real estate on behalf of the Port Authority, thereby reducing or eliminating those burdens to the Port Authority. Furthermore, Capital City Properties as a separate legal entity could operate those repossessed businesses and insulate the Port Authority from the related liabilities, complications and risks associated with these businesses. The current businesses operated by Capital City Properties are the two Radisson hotels. Utilizing Capital City Properties has allowed us to avoid adding as many as 500 private employees to the public payroll and related benefits. Furthermore, this ownership structure allows the negotiation of employment and collective bargaining issues as well as "slip and fall" personal injury claims to remain with a non-public entity which has limited resources and no taxing authority.

Additional Comments: The year of incorporation is 1991. The corporation was created by Victor Reim, the chair of the Port Authority. In addition, the Port Authority passed a written resolution authorizing establishment of St. Paul Port Authority Properties Corporation which was later renamed Capital City Properties due to avoid confusion about the corporation's relationship to the Port Authority. The city issued \$27,900,000 in revenue bond "conduit debt" for the corporation. There was no general obligation pledge. As of 12/31/97, the outstanding amount of this debt was \$27,401,000. The corporation reported the receipt of \$101,000 from other governmental sources and \$11,814,000 in private funds in 1996 and \$104,000 from other governmental sources and \$19,476,000 in private funds in 1997. The corporation reported total expenditure of public funds in the amount of \$101,000 in 1996 and \$104,000 in 1997. The city does not review or approve the budget or expenditures of the corporation. The corporation has an annual audit which is included in the city's audited financial statements. The corporation has 310 full-time and 15 part-time employees. Public officials and city staff provide services for the corporation and are paid by the public entity for their work for the corporation. The corporation has the same mailing address as the public entity. Six public officials sit on the corporate board by virtue of their public office. They receive per diems for their services on the corporate board of directors. Pursuant to the Articles of Incorporation, the Port Authority has the power, but not the obligation, to appoint the remaining five members of the corporate board. The annual value of salary and other forms of compensation paid to the highest paid officer or employee of the corporation is in the range of \$100,000 - \$119,000. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is published in the local newspaper but not posted. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the city and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. The corporation is involved in routine defense and exposure claims which are being handled by insurance carriers.

City of Sartell and Town of Le Sauk - Sartell-Le Sauk Government Center, Inc.

6. a. What was the rationale for creating the corporation?

Created in order for the city and township to construct a joint Fire Station/Town Hall and finance the construction.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Joint operation and finance of the building and at time of construction, only legal way to finance construction jointly in order to get Rural Development funds.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Get Rural Development funds for construction of joint facility.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Used to finance the construction of Fire Station/Town Hall with the help of Rural Development funds.

Additional Comments: The year of incorporation is 1981. The corporation has issued debt and the outstanding amount of that debt on 12/31/97 was \$87,918. The public entities approved the issuance of the debt. The corporation reported receipt of \$10,408 in public entity funds and \$49 from other governmental sources in fiscal year 1996 and \$10,408 from the public entities and \$30 from other governmental sources in fiscal year 1997. The corporation reports expenditure of \$9,926 in public funds in fiscal year 1996 and \$9,908 in fiscal year 1997. The corporation's budget or expenditures are reviewed or approved by the public entity. The corporation is not annually audited by a private certified public accountant, and the public entity is not provided with a copy of the corporation's financial statements. The corporation has the same mailing address as the public entity. The corporation has no employees. City officials and employees do provide services for the corporation and receive compensation from the public entities for their work for the corporation. The corporation does not maintain liability insurance separate from the city. All five city council members and the three town board members sit as the corporate board by virtue of their public office. The corporate board meetings are open to the public and are held in a government building. Notice of the meetings is posted. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. The corporation's treasurer or chief financial officer is bonded.

City of Shakopee - Shakopee Community Access Corporation, Inc.

6. a. What was the rationale for creating the corporation?

It has the ability to generate additional revenue for expanded service.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Generate private funding for expanded service.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Provide expanded service.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Cable casts live meetings of city council and planning commission.

Additional Comments: The year of incorporation is 1984. No debt has been issued. The corporation reported receipt of \$76,085 from the city and \$18,582 in private funds in fiscal year 1996 and \$72,447 from the city and \$21,215 in private funds in fiscal year 1997. The total amount of public funds expended in fiscal year 1996 was \$50,172 and in fiscal year 1997 was \$44,126. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation was audited by a private certified public accountant for the first time in 1997 and now provides the city with a copy of its financial audit. The corporation has no employees. City officials and employees provide some services for the corporation, primarily clerical support. These services are billed to the corporation by the city. The corporation does maintain liability insurance separate from the city but the corporate treasurer or chief financial officer is not bonded. No public officials serve on the corporate board by virtue of their office but the city appoints or approves all seven of the corporate board members. The corporate board meetings are open to the public and held in a government building. Notice of the meetings is posted, but is not published. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does maintain a separate mailing address from the public entity.

City of Springfield - Springfield Medical Services, Inc.

6. a. What was the rationale for creating the corporation?

Alternative to recruit and retain physical therapists, and to re-open health club.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Flexibility in matters of employment and compensation of scarce health care personnel.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Flexibility in compensation issues and more timely decision-making.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Historically provided physical therapy services. As of 1-1-98, the corporation's services were limited to operation of a health club.

Additional Comments: The year of incorporation is 1991. The corporation has not issued debt but did receive a loan from the hospital which has been repaid. The public entities approved the issuance of the debt. The corporation reported receipt of \$205,098 in patient revenue in 1996 and \$230,349 in patient revenue in 1997 when still providing physical therapy services. The corporation report expenditure of \$177,503 in public funds in 1996 and \$195,983 in 1997. The corporation's budget or expenditures were previously reviewed or approved by the hospital but now, as it starts to operate a health club, will be approved by the city council. The corporation is annually audited by a private certified public accountant, and the corporation's financial statements are included in the public entity's audited financial statements. The corporation has the same mailing address as the public entity. The corporation has 7 part-time employees. The corporation does not maintain liability insurance separate from the city but reports that the corporate treasurer or chief financial officer is bonded. No public officials sit on the corporate board by virtue of their office, and the public entity does not appoint or approve the corporate board members. The corporate board meetings are open to the public and are held in the hospital, but notice of the meetings is not published or posted. Agreements between the public entity and the corporation are not memorialized in written contracts. Officials or employees of the public entity do not provide services for the corporation.

City of Storden - Storden Development Corporation

6. a. What was the rationale for creating the corporation?

Promote the general social welfare of the community.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No comment.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1989. The corporation has issued debt in the amount of \$200,000 which was backed by the full faith and credit of the city. The total outstanding amount of debts as of 12/31/97 is \$0. The corporation reported receipt of \$6,379 from the city in 1997. The corporation reported no other receipt of funds from any source and no expenditure of public funds in 1996 or 1997. The corporation's budget or expenditures are reviewed or approved by the city. The corporation is annually audited by a private certified public accountant, and the corporation's financial statements are included in the public entity's audited financial statements. The corporation has the same mailing address as the public entity. The corporation has no employees. Officials and employees of the public entity provide services for the corporation but are uncompensated for the work. The corporation does not maintain liability insurance separate from the city, and that the corporate treasurer or chief financial officer is not bonded. Six public officials sit on the corporate board by virtue of their office and the public entity does appoint or approve the remaining one corporate board member. The corporate board meetings are open to the public and are held in a government building. Notice of the meetings is published and posted. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts.

City of Two Harbors - Two Harbors Development Commission

6. a. What was the rationale for creating the corporation?

To promote economic development through loans or other financial aid to businesses.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To accept, review and make decisions on loan application requests from businesses.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

To accept, review and make decisions on loan application requests from businesses.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Accept, review and make decisions on Storefront Loan Program applications.

Additional Comments: The year of incorporation is 1985. The corporation has not issued debt. The corporation reported receipt of \$164,755 in private funds in 1996 and \$34,884 from the city, \$109 from other governmental sources and \$365,380 in private funds in 1997. The corporation reported expenditure of public funds in the amount of \$273,815 in 1996 and \$307,465 in 1997. The corporation's budget or expenditures are reviewed or approved by the city. The corporation is annually audited by a private certified public accountant, and the corporation's financial statements are included in the public entity's audited financial statements. The corporation has the same mailing address as the public entity. The corporation has one full-time and one part-time employee. These employees are covered by the public employees' pension plan applicable to the public entity. Officials and employees of the public entity provide services for the corporation, and the Development Commission makes an annual payment to the city for the services provided. The corporation does maintain liability insurance separate from the city, and that the corporate treasurer or chief financial officer is bonded. No public officials sit on the corporate board by virtue of their office but the public entity does appoint the five corporate board members. The corporate board meetings are open to the public and are held in the Enterprise Center. Notice of the meetings is published and posted. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

City of Willmar Rice Memorial Hospital - Rice Health Foundation

6. a. What was the rationale for creating the corporation?

To create a non-profit charitable foundation to support the hospital and community health.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

It was the belief that a private charitable foundation would be more effective in raising funds than the public entity itself.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Fundraising.

Additional Comments: The year of incorporation is 1986. The corporation has not issued debt. The corporation reported receipt of \$335,848 in private funds in fiscal year 1996 and \$426,167 in private funds in fiscal year 1997. The corporation reported no expenditure of public funds in 1996 or in 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation has the same mailing address as the public entity. The corporation is annually audited by a private certified public accountant, but the public entity is not provided with a copy of the audit. The corporation has no employees. Officials and employees of the public entity provide services for the corporation and receive compensation from the public entity for the services provided to the corporation. The corporation does not maintain liability insurance separate from the city, and the corporate treasurer or chief financial officer is not bonded. Two public officials sit on the corporate board by virtue of their office, and the public entity appoints or approves the remaining nine members of the corporate board. The corporate board meetings are closed to the public but are held in a government building. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. See Attachment 3, letter from Rice Memorial Hospital.

City of Willmar Rice Memorial Hospital - Rice Home Medical, LLC

6. a. What was the rationale for creating the corporation?

To link the hospital to this related business through joint ownership and control.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

This company has a regional presence with branch offices outside Willmar. Operation directly under the city hospital was believed to be more restrictive.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Home medical equipment and supply, sales and rentals to patients.

Additional Comments: The year of incorporation is 1998. The corporation has issued debt. The corporation did not receive approval of the public entity prior to issuing debt. The outstanding amount of debt as of 12/31/97 is \$0. The corporation reported receipt of \$1,975,437 in private funds in fiscal year 1996 and \$2,343,837 in private funds in fiscal year 1997. The corporation reported no expenditure of public funds in 1996 or in 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation is annually audited by a private certified public accountant, but the corporation is not required to provide a copy of the audit to the public entity. The corporation has 24 full-time and 4 part-time employees. Officials and employees of the public entity provide services for the corporation and receive compensation from the public entity for the services provided to the corporation. The corporation does maintain liability insurance separate from the city and that the corporate treasurer or chief financial officer is bonded. Three public officials sit on the corporate board by virtue of their office. The public entity appoints or approves 3 out of 6 total corporate board members. The corporate board meetings are closed to the public but are held in a government building. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. The corporation does maintain a separate mailing address from the public entity. See Attachment 4, letter from Rice Memorial Hospital.

City of Willmar Rice Memorial Hospital -Share Health Resources LLC

6. a. What was the rationale for creating the corporation?

To create a joint venture partnership with local physicians to meet clinic and hospital space needs.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Provides both the clinic and the hospital an ownership stake in the office complex and an ability to participate in decisions affecting operations.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Rents space to Rice Memorial Hospital for carrying out hospital programs in the areas of patient and community education, cardiac rehabilitation, diabetes education and treatment and outpatient psychiatric services.

Additional Comments: The year of incorporation is 1994. The corporation has issued debt and the outstanding amount of debt on 12/31/97 was \$2,664,502. The corporation did receive approval of the public entity prior to issuing the debt. The corporation reported receipt of \$286,272 from the public entity and \$267,456 in private funds in fiscal year 1996 and \$288,423 from the public entity and \$269,567 in private funds in fiscal year 1997. The corporation reported no expenditure of public funds in 1996 or in 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation has the same mailing address as the public entity. The corporation is annually audited by a private certified public accountant, but the public entity is not provided with a copy of the audit. The corporation has no employees. Officials and employees of the public entity provide services for the corporation and receive compensation from the public entity for the services provided to the corporation. The corporation does maintain liability insurance separate from the city but the corporate treasurer or chief financial officer is not bonded. Three public officials sit on the corporate board by virtue of their office. The public entity appoints or approves 3 out of 6 total corporate board members. The corporate board meetings are closed to the public but are held in a government building. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. See Attachment 4, letter from Rice Memorial Hospital.

City of Willmar Rice Memorial Hospital -Willmar Surgery Center LLP

6. a. What was the rationale for creating the corporation?

To create a joint venture with local physicians for a same day surgical facility.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Ambulatory and same day surgical procedures.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None - the corporation is an independent ambulatory surgery center.

Additional Comments: The year of incorporation is 1986. The corporation has issued debt. The remaining amount of debt as of 12/31/97 was \$783,492. The corporation received approval of the public entity prior to issuing the debt. The corporation reported receipt of \$1,765,071 in private funds in fiscal year 1996 and \$1,860,049 in private funds in fiscal year 1997. The corporation reported no expenditure of public funds in 1996 or 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation maintains a separate mailing address from the public entity. The corporation is annually audited by a private certified public accountant, but the public entity is not provided with a copy of the audit. The corporation has no employees. Staff services are leased from one of the partners. Officials and employees of the public entity also provide services for the corporation and receive compensation from the public entity for the services provided to the corporation. The corporation does maintain liability insurance separate from the city. The corporate treasurer or chief financial officer is not bonded. Two public officials sit on the corporate board by virtue of their office. The public entity appoints or approves 2 out of 5 total corporate board members. The corporate board meetings are closed to the public. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts. See Attachment 4, letter from Rice Memorial Hospital.

ISD # 1 Minneapolis Public Schools - Minneapolis Public Schools Building Corporation

Primary activity of corporation -Lease purchase

6. a. What was the rationale for creating the corporation?

Minnesota Statutes provide for the acquisition of property through the use of lease purchase, and it has been determined that it is in the best interest of the District to utilize those statutes. In order to have a lease purchase you need two parties to the agreement, a lessor and a lessee. In 1990, the District incorporated the Minneapolis School Building Corporation to act as the lessor in any lease purchase transaction, and the District as the lessee.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The District could have used a private party to act as the lessor, or possibly another political agency such as the MCDA; however, this would result in additional costs and could involve the loss of control over the transaction. Accordingly, the District chose to create a separate legal entity wholly owned by and under the control of the School Board in order to avail itself of the lease purchase statutes.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Not applicable.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1990. No debt has been issued and there is not receipt or expenditure of funds reported. The corporation was created for lease/purchase purposes. The corporation has not been used and the city reports that it will not be used in the future.

ISD #77 Mankato Area Public Schools - Educare Foundation, Inc.

Primary activity of corporation - Fundraising

6. a. What was the rationale for creating the corporation?

To provide funds beyond the normal operating budget of the School District.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fundraising.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Provides funding (grants) for unique educational opportunities for K-12 students.

Additional Comments: The year of incorporation is 1993. No debt has been issued. The corporation reported the expenditure of \$8,230 in public funds in calendar year 1996 and \$7,632 in public funds in calendar year 1997. The corporation reported the receipt of \$37,695 in private funds in 1996 and \$41,245 in private funds in 1997. They are not audited annually by a certified public accountant. Meetings of the corporate board are open to the public but are held in a private office or home, and notice of the meetings is not posted or published. All services are provided by volunteers. The public entity does not appoint the board members. One public official sits on the board by virtue of his/her public office. The corporation does not maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does maintain separate liability insurance from the public entity, but the corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do provide services for the corporation and are uncompensated for their work.

ISD #465 Litchfield Public School - Litchfield Public Schools Foundation

Primary activity of corporation - Fundraising

6. a. What was the rationale for creating the corporation?

To provide alumni and friends a vehicle to make contributions to the school district.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Expand academic extracurriculars.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Alumni networks.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Publicity for fundraising.

Additional Comments: The year of incorporation is 1995. No debt has been issued. The corporation has expended a total of \$800 in public funds in fiscal year 1997. The corporation reported receipt of \$627 in private funds in 1996 and \$6,206 in private funds in 1997. Meetings of the corporate board are open to the public and conducted in a government building, but notice of the meetings is not posted or published. All work is provided by volunteers. Two officials of the public entity sit on the corporate board by virtue of their public office. The public entity appoints the 8 corporate board members. There is not an annual audit by a certified public accountant. The corporation does not maintain a separate mailing address from the public entity. The corporation does not have an annual audit. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does not maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is not bonded. Officials or employees of the public entity do not provide services for the corporation.

ISD #545 Henning Public School - The Henning Hornets Nest, Inc.

6. a. What was the rationale for creating the corporation?

To give students an opportunity to make business decisions.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Having the students performing the functions necessary to run a business.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Have the students be responsible for the day to day operation of the business with a student board of directors making decisions affecting the profit and loss.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

It provides a school to work experience for several students.

Additional Comments: This organization incorporated in 1998 and reported no receipt of funds from any source or expenditure of public funds in 1996 or 1997 as the corporation opened for business in June of 1998. The corporation had issued debt sometime after its inception in June of 1998. The total outstanding debt as of 12/31/97 is \$0. The corporation did not receive approval from the public entity before issuing the debt. The corporation has 1 full-time and 6 part-time employees. In addition, public employees or officials provide services for the corporation but are uncompensated for their work. The corporation formally bids for its contracts for supplies over \$25,000. The meetings of the corporation are open to the public and are held at the corporation's store, but notice is not posted or published. The corporation will have an annual audit by a certified public accountant. The corporation does maintain a separate mailing address from the public entity. The corporation will provide a copy of the annual audit to the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. Two public officials sit on the corporate board by virtue of their public office. The public entity does not appoint or approve any of the corporate board members. The corporation does maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is bonded.

ISD #564 Thief River Falls Public Schools - Thief River Falls Education Foundation

Primary activity of corporation -Fundraising

6. a. What was the rationale for creating the corporation?

Funding for educational programs.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Raise dollars for educational programs.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Person contact.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is unknown. No debt has been issued. The corporation reports the receipt of \$750,000 in private funds in fiscal year 1997, but reports no expenditure of public funds in 1996 or 1997. They have an annual audit by a private certified public accountant, but they are not required to provide a copy of the audit to the public entity. The corporate board meetings are open to the public and are held in a government building, but notice of the meetings is not posted at the public entity or published in the local paper. No public officials sit as corporate board members by virtue of their public office, and the public entity does not appoint or approve additional board members. There is one part-time corporate employee. The corporation does maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is bonded. Officials or employees of the public entity do not provide services for the corporation.

ISD #623 Roseville Area Schools-Roseville Area Schools District No. 623 Foundation

6. a. What was the rationale for creating the corporation?

Fund raising.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fund raising.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Fundraising.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Fundraising.

Additional Comments: The year of incorporation is 1990. The corporation has not issued any debt. The corporation reported the receipt of \$9,049 in private funds in fiscal year 1996 and \$12,784 in private funds in fiscal year 1997. The corporation reported the expenditure of no public funds in 1996 and 1997. The meetings of the corporation are open to the public and are held at school buildings. Notice of the meetings is not published or posted. The corporation does not maintain a separate mailing address from the public entity. The corporation is audited annually by a certified public accountant, but the corporation is not required to provide a copy of the audit to the public entity. No officials of the public entity sit on the board of directors for the corporation by virtue of their office, but the public entity appoints all of the corporate board which consists of 7 to 15 members. Officials or employees of the public entity do provide services for the

corporation but are uncompensated for their service. The corporation has no employees. The corporation does not maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is not bonded. Agreements between the corporation and the public entity are not memorialized in written contracts.

ISD #748 Sartell-St. Stephen School District - Sartell-St. Stephen Education Foundation

Primary activity of corporation -Fundraising

6. a. What was the rationale for creating the corporation?

To provide scholarships and support educational activities for students in grades K-12.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising, accepting donations (gifts) and investing.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Investments.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1997. No debt has been issued. The corporation reports the receipt of \$84,000 in private funds in its first year, 1997, but reports no expenditure of public funds through 12/31/97. They have an annual audit by a private certified public accountant and they are required to provide a copy of the audit to the public entity. The corporate board meetings are open to the public and are held in a government building. Notice of the meetings is posted at the public entity, but is not published. Two public officials sit as corporate board members by virtue of their public office. The public entity does not appoint or approve additional board members. There are no corporate employees and the school reports that no public officials or employees provide services to the corporation. The corporation does not maintain a separate mailing address from the public entity. Agreements between the corporation and the public entity are not memorialized in written contracts. The corporation does not maintain separate liability insurance from the public entity, but the corporation's treasurer or chief financial officer is bonded.

Carver County HRA - Carver Housing Development Corporation

6. a. What was the rationale for creating the corporation?

To partner with developers and have more local control on rents.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Partnering with for profit developers.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Public entities cannot partner with for profit developers.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1995. The corporation has not issued debt. The corporation reported no receipt of funds from any source or expenditure of public funds in 1996 or 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do provide services to the corporation and are uncompensated for their work for the corporation. No public officials sit on the corporate board by virtue of their public office and the public entity does not appoint or approve the members of the corporate board. Meetings of the corporate board are open to the public and are held in the HRA office or rental property. Notice of the meetings is posted, but is not published. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are not memorialized in written contracts. They have not had any contracts to bid to date.

City of Willmar HRA - Valleyside Townhomes, LLC

6. a. What was the rationale for creating the corporation?

Valleyside Townhomes, LLC was created to be the general partner of Valleyside Townhomes of Willmar Limited Partnership. The Limited Partnership, in turn, was formed to secure Section 42 Low Income Housing Tax Credits and to construct low income housing in Willmar. The Minnesota Housing Finance Agency encourages the participation of local public entities in such projects by giving preference in the award of Low Income Housing Tax Credits to projects that include a local public entity as an owner.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The Willmar HRA alone did not have the capital or expertise to construct and finance the project. Rather, the HRA will manage the constructed units and, as an owner, will have a more permanent stake in the project than if they were merely hired as the property manager.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The owners of the LLC and the Limited Partnership have extensive experience in developing low income housing. They were able to more efficiently secure the tax credits and financing involved and supervise the construction of the project.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

The LLC acts as the general partner of the Limited Partnership, which provides the following services to the HRA: securing the necessary tax credits, arranging the financing, supervising construction, and ongoing administration of the low income housing project.

Additional Comments: The year of incorporation is 1996. The corporation has guaranteed the construction loan of the limited partnership of which it is the general partner. The guaranty was a requirement of the construction lender and the project would not have gone forward without it. The guarantee expires in five years, if not earlier disposed of through financing. In addition, the LLC has a open line of credit with Heritage Bank, N.A., the same bank that provided the construction loan financing. The maximum credit available is \$50,000, none of which has been drawn as of December 31, 1997. The corporation received approval from the public entity before issuing debt. The corporation reported no receipt of funds from any source or expenditure of public funds in 1996 or in 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation maintains a separate mailing address from the public entity. The corporation is not annually audited by a private certified public accountant. Limited information about the corporation will be included on the Willmar HRA's single audit annually. A separate full audit will be conducted for Valleyside Townhomes. The corporation has no employees. The corporation reports that officials and employees of the public entity do not provide services for the corporation. The corporation does not maintain liability insurance separate from the city, and that the corporate treasurer or chief financial officer is not bonded. No public officials sit on the corporate board by virtue of their office, and the HRA does not appoint the corporate board members. The corporate board meetings are closed to the public and are held in a private office or home. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts.

Dakota County HRA - Dakota County Building Authority

6. a. What was the rationale for creating the corporation?

To perform functions of and carry out the purposes of the Dakota County HRA.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

None at present - previously lease/leaseback.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

None at present.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1986. The corporation has issued debt, but there was no outstanding debt as of 12/31/97. The corporation did receive the approval of the public entity prior to issuing the debt. The corporation reported no receipt of funds from any source or expenditure of public funds in 1996 or 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do not provide services to the corporation. Five public officials sit on the corporate board by virtue of their public office, and the public entity appoints or approves the sixth member of the corporate board. Meetings of the corporate board are open to the public and are held in a government building. Annual meetings of the corporate board were discontinued in July of 1995. The corporation reports that it does not maintain separate liability insurance from the public entity. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation's treasurer or chief financial officer is not bonded. Currently, the corporation has not entered into any contracts for more than \$25,000.

Northwest Minnesota Multi-County HRA - Greater Minnesota Management

6. a. What was the rationale for creating the corporation?

To establish a management company to manage HRA private property.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

The HRA had no experience in managing private affordable housing.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The HRA had no experience in managing private affordable housing. Also, the GMM may have more flexibility in developing affordable housing and may be better able to attract private contributors.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1997. The corporation has not issued debt. The corporation reported the receipt of \$133,450 in private funds in fiscal year 1997. The corporation reported no expenditure of public funds in 1996 or 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does review or approve the budget or expenditures of the corporation. The corporation does maintain a separate mailing address from the public entity. The corporation has 11 full-time employees. The employees are not covered by an employer-sponsored pension plan, and they are not subject to the policies of the public entities. Public entity staff do provide services to the corporation and are uncompensated for their work for the corporation. One public official sits on the corporate board by virtue of their public office and does not receive a per diem for serving on the corporate board. The public entities do not appoint or approve any of the corporate board members. Meetings of the corporate board are open to the public but are held in an apartment complex community room or local hotel meeting room. Notice of the meetings is not posted or published. The corporation reports that it does maintain separate liability insurance from the public entity and that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts.

St. Michael's Hospital - St. Michael's Hospital Foundation

6. a. What was the rationale for creating the corporation?

To establish a 501(c)(3) corporation.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Fundraising.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Attract contributions that qualify for tax deductible donation.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Fundraising.

Additional Comments: The year of incorporation is 1987. No debt has been issued. The corporation reported receipt of \$21,981 in private funds in 1996 and \$7,967 in private funds in 1997. The corporation reports expenditure of no public funds in 1996 or in 1997. The corporation's budget or expenditures are not reviewed or approved by the public entity. The corporation is not annually audited by a private certified public accountant, and the public entity is not provided with a copy of the corporation's financial statements. The corporation has the same mailing address as the public entity. The corporation has no employees. City officials and employees do provide services for the corporation and are uncompensated for their work for the corporation. The corporation does not maintain liability insurance separate from the city, and the corporate treasurer or chief financial officer is not bonded. One public official serves on the corporate board by virtue of his/her office and the public entity appoints or approves the remaining 11 corporate board members. The corporate board meetings are open to the public and are held in a government building, but notice of the meeting is not published or posted. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts.

Southeastern Minnesota Multi-County HRA - Multi-County Builders

6. a. What was the rationale for creating the corporation?

To promote housing development.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

To assist the public entity, other public entities, and other non-profit corporations in the development of housing through access to funding and programs for which the public entity is not eligible.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

The corporation can obtain funds for housing development that are available only to 501(c)(3) corporations.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

None.

Additional Comments: The year of incorporation is 1995. The public entity issued \$600,000 in tax exempt bonds in June of 1998. The corporation received a \$1,100 loan for the start-up costs of the corporation which has been paid back. The corporation did not receive the approval of the public entity prior to incurring this debt. The corporation reported receipt of \$1,600 from the public entity that created it in 1996 but reports no other receipt of funds in 1996 or 1997. The expenditure of public funds in 1996 totaled \$604 and in 1997 totaled \$76. The corporation does not have an annual audit by a certified public accountant. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do provide services to the corporation, and management fees are paid under a management agreement. Four public officials sit on the corporate board by virtue of their public office. The public entities do not appoint or approve any corporate board members. Meetings of the corporate board are open to the public and are held in a government building. Notice of the meetings is not posted or published. The corporation reports that it does not maintain separate liability insurance from the public entity and that the corporate treasurer is not bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts.

Suburban Hennepin Regional Park District - Hennepin Parks Foundation, Inc.

6. a. What was the rationale for creating the corporation?

No comment.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

No comment.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

No comment.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Conduit for some fundraising and donation activity.

Additional Comments: The year of incorporation is 1986. The corporation has not issued debt. The corporation reported the receipt of \$11,323 in private funds in 1996 and \$11,602 in private funds in 1997. There is no reported expenditure of public funds in 1996 and 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff and officials do provide services to the corporation and receive compensation from the public entity for their work for the corporation. The corporation then contributes annually to cover the estimated cost of public staff time. At least three public officials sit on the corporate board by virtue of their public office. No more than 1/3 of the corporate board may be public officials. The public entity does not appoint or approve the remaining corporate board members. Meetings of the corporate board are open and are held in a government building. Notice of the meetings is posted, but is not published. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer is bonded. Agreements between the public entity and the corporation are not memorialized in written contracts.

Central Minnesota Educational Research and Development Council

Primary activity of corporation - Educational research and development

6. a. What was the rationale for creating the corporation?

To qualify for federal grants and to develop multi-school district support services.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Multi-school district application for federal grant and district support services that would be cost effective and provide needed technical expertise.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Volume purchasing/shared staff/shared educational resources that achieve cost effectiveness and significant savings of tax dollars.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

1. Volume purchasing services
2. Instructional media library
3. Computer software library
4. Audio Visual/computer/copier equipment repair
5. Administrative data processing - financial, payroll, student services
6. District staff in-service training workshops
7. State reporting to CFL

Additional Comments: This corporation was created in 1965, prior to the joint powers being formed. The corporation was not dissolved once the joint powers organization started operating. There are no current plans to dissolve the corporation. The joint powers entity issued debt pursuant to special legislation (1983 Laws of Minnesota, Chapter 314, Article 7, Section 48). The total outstanding debt as of 12/31/97 is \$624,503. The corporation/joint powers meetings are open to the public and are held at a government building. However, notice of the meetings is not posted at a public place or published in a local newspaper. The organization has 38 full-time employees and 1 part-time employee but does also use public entity officials and staff to provide services to the corporation. The public officials and staff are uncompensated for these services. The corporation had expenditures of public funds in the amount of \$5,662,256 in 1996 and \$6,237,016 in 1997. The organization has an annual audit by a private CPA and is required to provide a copy of the audit to the public entities. See Attachment 5 for letter from the CMERDC. The corporation does maintain a separate mailing address from the public entities. Agreements between the corporation and the public entity are memorialized in written contracts. Nine public officials sit on the corporation's board of directors by virtue of their public office and do not receive a per diem for their service. The public entities appoint or approve the nine corporate board members. The corporation does maintain separate liability insurance from the public entities, and the corporation's treasurer or chief financial officer is bonded.

County of Cook/Grand Marais Joint Economic Development Authority - Resource Development Commission

6. a. What was the rationale for creating the corporation?

Was defunct, needed a new board, economic development authority took over.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Non-profit.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Receive certain grants, etc.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Assists with finding/receiving funding only available to non-profits for things such as housing, education, etc.

Additional Comments: The year of incorporation is 1995. No debt has been issued. The corporation reported the receipt of \$1,000 from the county and \$44,709 in higher education grant money in fiscal year 1996 and \$1,000 from the county and \$44,709 in higher education grant money in fiscal year 1997. The total expenditure of public funds was \$56,708 in fiscal year 1996 and \$46,055 in fiscal year 1997. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation does not have an annual audit by a certified public accountant and does not provide the public entity with a copy of its audit. In addition, the information is included in the economic development authority's audit. The corporation has two part-time employees and the Economic Development Director oversees the corporation. The employees of the corporation are subject to the policies and procedures of the public entity. Public entity staff and officials provide services to the corporation and receive compensation from the public entity for their work for the corporation. Meetings of the corporate board are open and are held in a government building. Notice of the meetings is posted, but is not published. Seven public officials sit as the corporate board by virtue of their public office. These officials do not receive a per diem for corporate board meetings, which are held in conjunction with the economic development authority meetings. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate treasurer or chief financial officer is bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does not formally bid its contracts.

County of Dakota Agricultural Society - Dakota City Heritage Village, Inc.

6. a. What was the rationale for creating the corporation?

As a 501(c)(3) corporation, Dakota County can raise funds not available to the Agricultural Society as a 501(c)(5).

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Accessing funds not available to the Agricultural Society.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

None.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Museum, educational programs, fundraising.

Additional Comments: The year of incorporation is 1994. The corporation has not issued debt. The corporation reported the receipt of \$2,000 from other governmental sources and \$79,185 in private funds in fiscal year 1996, and \$2,000 from other governmental sources and \$104,489 in private funds in 1997. The corporation reported expenditure of public funds in the amount of \$2,000 in fiscal year 1996 and \$2,000 in fiscal year 1997. The public entity does not review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation does not have an annual audit by a certified public accountant. The corporation has 1 full-time and 3 part-time employees who are subject to the policies and procedures of the public entity. One member of the Agricultural Society Board sits on the corporate board. The public entity does not appoint or approve any of the corporate board members. Public entity staff and officials do provide services to the corporation and are compensated by the public entity for their work for the corporation and/or are uncompensated for their work. Meetings of the corporate board are open and are held at the Dakota County Fairgrounds. Notice of the meetings is posted, but is not published. The corporation reports that it does not maintain separate liability insurance from the public entity and that the corporate treasurer is not bonded. Agreements between the public entity and the corporation are memorialized in written contracts. The corporation does formally bid its contracts. The corporation has worker's compensation insurance for its employees through the Agricultural Society.

County of Chisago HRA - Chisago County Development Corporation

6. a. What was the rationale for creating the corporation?

To act as co-general partner in tax credit funded rental developments.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

HRA's do not have the authority to act as general partners in rental developments.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Act as co-general partner in tax credit funded rental developments.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

No comment.

Additional Comments: The year of incorporation is 1996. The corporation has not issued debt. The corporation reported the receipt of no funds from any source and expenditure of no public funds in 1996 or 1997. The corporation does not have an annual audit by a certified public accountant. The public entity does review or approve the budget or expenditures of the corporation. The corporation does not maintain a separate mailing address from the public entity. The corporation has no employees. Public entity staff do provide services to the corporation and are uncompensated for their work for the corporation. Five public officials sit as the corporate board by virtue of their public office. Meetings of the corporate board are open to the public and are held in the leased offices of the HRA. Notice of the meetings is not posted or published. The corporation reports that it does not maintain separate liability insurance from the public entity but that the corporate chief financial officer or treasurer is bonded. Agreements between the public entity and the corporation are not memorialized in written contracts. The corporation does formally bid its contracts.

Willmar Municipal Utilities-Allied Power, LLC

6. a. What was the rationale for creating the corporation?

Joint activities of the Willmar Municipal Utilities and Kandiyohi Power Cooperative.

b. What activities or functions did the public entity anticipate the corporation performing that the public entity is unable to perform for statutory or other reasons?

Electric service territory problems can be avoided by forming a jointly-owned corporation.

c. What activities or functions can the private corporation perform better or more efficiently than the public entity?

Resolve service territory issues and provide utility services at a lower cost.

15. What, if any, services does the corporation provide for or on behalf of the public entity?

Utility services.

Additional Comments: The year of incorporation is 1997. No debt has been issued by the corporation. The corporation reported the receipt of no funds from any source in 1997. The corporation reported no expenditure of public funds in 1997. The public entity does not review the corporation's budget or expenditures. The corporation does maintain a separate mailing address from the public entity. The corporation does have an annual audit by a certified public accountant, but the corporation is not required to provide the public entity with a copy of the audit. The corporation has no employees. Public officials or employees of the public entity do provide services for the corporation but do not receive any additional compensation for their services. Meetings of the corporation are closed to the public. Three public officials sit on the board by virtue of their public office, but they do not receive a per diem for their service. The public entity appoints three of the

six total corporate board members. The corporation does maintain separate liability insurance from the public entity, and the corporation's treasurer or chief financial officer is bonded. The corporation does not formally bid its contracts. Contracts between the public entity and the corporation are not memorialized in written contracts.

ATTACHMENT 1

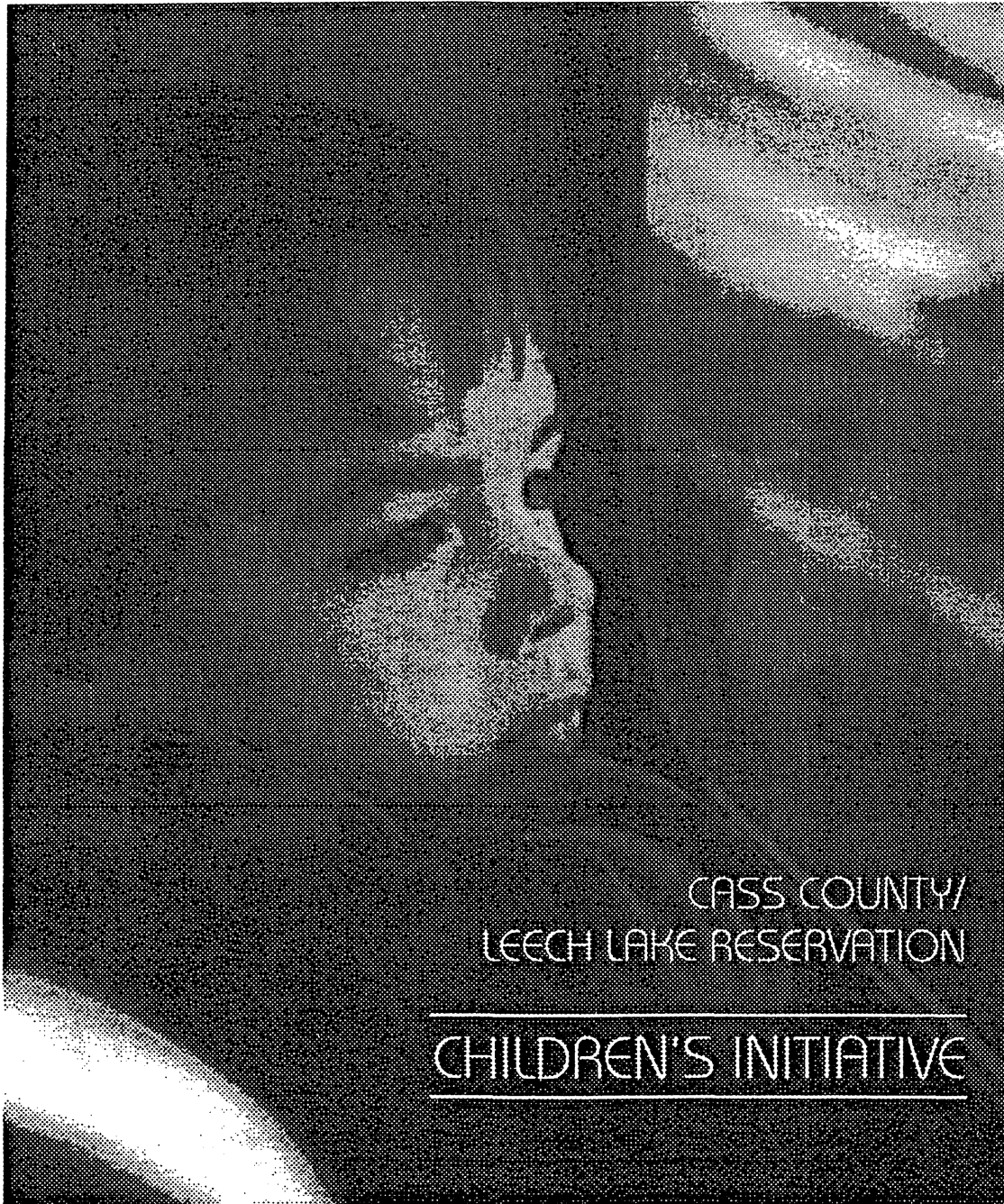


Children's Initiative

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Project Orientation

helping communities build strong families



CASS COUNTY/
LEECH LAKE RESERVATION

CHILDREN'S INITIATIVE



INITIATIVE OVERVIEW

The Cass County/Leech Lake Reservation Children's Initiative is an affiliation of county and tribal agencies, schools, community organizations and private citizens which has organized as a non-profit, tax exempt corporation for the purpose of helping communities build strong families. We are a part of the Minnesota Children's Initiative, a four-membership partnership which includes St. Paul/Ramsey County, Becker County, and the State of Minnesota.

The Children's Initiative currently receives funding from several sources including the State of Minnesota (grants), the PEW Charitable Trusts(grant), the federal government(grants), Cass County(levy dollars), and local school districts(levy dollars and federal reimbursements). These dollars, coming from diverse sources, are managed as an Integrated fund which is used to advance the corporation's numerous collaborative programming efforts.

The Children's Initiative is governed by an 18 member Collaborative Board with seats designated as follows: Cass County Health and Human Services (1), Leech Lake Reservation Social Services(1), Leech Lake Reservation Health(1), Leech Lake Reservation at large (2), Area Schools Districts (5), Community Representatives(5), Cass County Board of Commissioners(2), & BI-CAP(1). This governing council has established five local family councils (our project encompasses 5 school districts) which work at a local level to support families. To support this vision, a network of 5 area family resource centers was planned. The Pillager Area Family Center, the first center to open, began operation in November 1993. A year later the Cass Lake Family Center opened, and in 1995 the Remer/Longville Family Center began operations. by June 1996, the Pine River/Backus Area Family Center was operational. In 1997 the fifth family center opened in Walker.

The efforts of the Collaborative Board and the local councils are supported by six task teams in the areas of: Service Delivery, Information Management, Finance, Governance, Welfare Reform, and Children's Mental Health. These task teams offer guidance to the Collaborative Board and do much of the work associated with advancing the mission of the Children's Initiative. Membership on these task teams is open.

Each family center is flavored by the needs of the community. Priorities of the community are reflected in the programming at each family center, as is the need to address project-wide concerns of the Children's Initiative. In all five project communities, local family councils provided services to families which were both county-based and locally administered. What was different among the project's five communities was the focus of the local programming. What was identified as a critical need in one community did not necessarily receive the same focus in others. As a result, family centers emerged in 1996 with their own personalities, well flavored by the individual needs of local communities and supported by agency programming and the broader, encompassing work of project task teams.

The Cass County/Leech Lake reservation Children's Initiative continues to seek new opportunities to support communities in their efforts to help families. We strongly encourage the involvement of community members in this important grassroots effort to help the families of our communities.



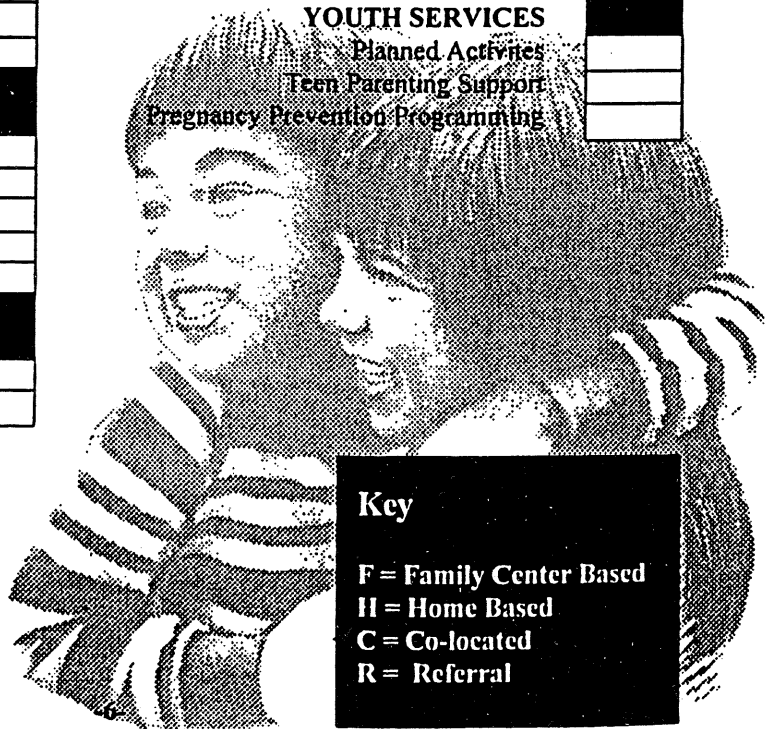
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Core Services Matrix

Family Centers at the Core of the Service Delivery System

helping communities build strong families

OUTREACH		HEALTH	
CTC Outreach		Access to Children's Health Services	
Public Relations		Child & Teen Checkup Clinics	
Pregnant Women		Access to Family Planning Services	
Health/Wellness Fairs		Immunizations	
Families With Newborns		Access to Substance Abuse Assessments	
Early Childhood Screening		WIC Clinics	
Preschool/Head Start/ECFE/LR		Nutrition Education	
School Registration (K & Transfers)			
		BASIC NEEDS	
INFORMATION & REFERRAL		Transportation Assistance	
Computerized Resource Directory		Help Accessing Housing	
Child Care Resource & Referral		Access to Financial Assistance	
Eligibility Across Systems		Access to Food Supplement Programs	
Free & Reduced Lunch		Employability Assistance	
Access to Health Care			
Crisis Intervention		CHILDCARE	
		Before & After School Care	
PARTNERSHIPS		Child Care During Center Activities	
Parents		Child Care Resource & Referral	
Business			
Service Providers		VIOLENCE PREVENTION	
Faith Communities		Turn Off the Violence	
Community Organizations		Blue Ribbon Campaign	
Local Governmental Units		Radiothon to End Child Abuse	
		Conflict Resolution	
VOLUNTEERS		Local Violence Prevention Committee	
Mentoring Programs			
Support for Center		YOUTH SERVICES	
Clearinghouse		Planned Activities	
		Teen Parenting Support	
FAMILY SUPPORT		Pregnancy Prevention Programming	
Resource Library			
Parent Support Groups			
Family Center Activities			
Pre-School Programming			
Parenting Skill Development			
FAMILY PRESERVATION			
Comprehensive Case Management			
Supervised Visits			



Key
 F = Family Center Based
 H = Home Based
 C = Co-located
 R = Referral



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Project Structure Collaborative Board & Core Planning

COLLABORATIVE BOARD

18 Seats
Cass County Commissioners-2
Cass County Health & Human Services-1
Leech Lake Reservation-4
Bi-CAP-1
School Board Members-5
Family Councils-5

Core Planning Team

Finance

Service

Information

Governance

Children's

Welfare

helping communities build strong families

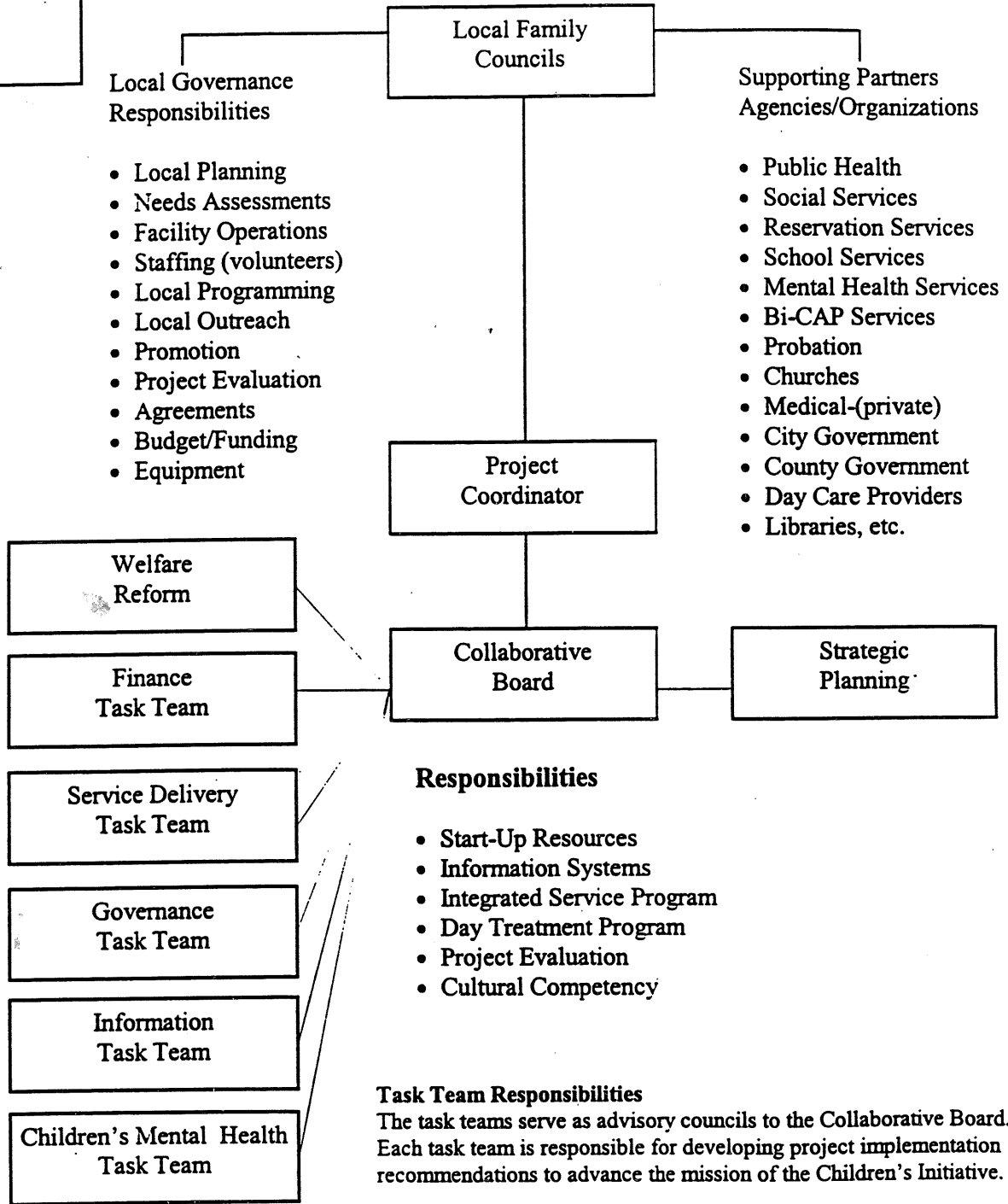
Cass County/Leech Lake Reservation Children's Initiative

PO Box 523 • Walker • MN • (218) 682-3480



helping communities build strong families

Project Structure Collaborative Board, Project Coordinator & Local Family Councils





Cass County/Leech Lake Reservation Children's Initiative

Contact:

Monica Strunk, Coordinator
PO Box 523
Walker, MN 56484
218-682-3480
rainbow@uslink.net

Mission Statement: Helping communities build strong families

We are a joint Children's Mental Health and Family Services Collaborative.

Highlights and Accomplishments:

- Community-based services
 - Creation of Family Centers in all five communities, that provide an array of core services
 - Deployment of county Financial Workers to 2 of the Family Centers
 - Integration of University of Minnesota Extension Services into Family Center programming
 - Co-location of adult education and literacy in Family Centers
 - Welfare to work support services through Family Centers
 - Youth and Family Counselors located in elementary schools
 - Day treatment services for severely emotionally disturbed children
 - Basic needs available through Family Centers
 - Expansion of childcare services
 - After-school recreation and youth enrichment programs
 - Teen pregnancy prevention services
 - Mentoring programs for youth
- Improved outcomes
- Increase in the number of children receiving immunizations in time

Collaborative Connections/How We Work Together:

- Broadening the decisionmaking process
 - Creation of Collaborative Board incorporated as a non-profit corporation that includes schools, communities and agencies
 - Creation of Family Councils in each of five communities that include parents and a variety of community members
- Integration of funding
 - Pooling of existing dollars for joint programming
 - Participation in the Local Collaborative Time Study
 - Joint grant writing
- Integration of Services
 - Universal early childhood screening across systems
 - Integration of Headstart, ECSE, and Learning Readiness Classrooms
 - Universal outreach and homevisiting to families of newborns
- Cross-systems training

Major Sources of Funding:

LCTS

McKnight Foundation (1999)
Central Minnesota Initiative Fund (1998)
University of Minnesota Extension (2001)
Pew Charitable Trusts (6/98)
Federal HHS, CISS Grant (2001)
Donations
Partner contributions

IVB part 2 (2000)
Family Services Collaborative Grant (1998)
Child Welfare Targeted Case management
DHS, Children's Mental Health block grants
Department of Children Families and Learning (1998)

ATTACHMENT 2

Swift County **GROW**



Greater Rural Opportunities Working

September 21, 1998

Office of the State Auditor
Suite 400
525 Park Street
St. Paul, MN 55103

Enclosed please find the completed survey regarding Swift County GROW. We are still awaiting an opinion by your office as to whether we are "a corporation created by a public body". In the mean time I have taken the time to complete this form in hopes that I would have this opportunity to give some feedback from the perspective of a successful corporation in business to assist with economic development.

Swift County GROW was created to provide economic development services on a countywide basis. We are a small, rural county with just over 10,000 people (1990 census data). None of our cities could afford to do economic development on their own. Our resources would be more wisely used if cooperation and consolidation of efforts were encouraged, rather than competing with one another and taking ineffective actions.

Swift County GROW was also thought to provide some protection for the businesses and individuals seeking our assistance, from the public scrutiny that may harm them or cause proprietary information to be made available to their competitors. While our Board has never closed their meetings, little public attention has been paid us. We publish a quarterly newsletter that specifies when and where our meetings are to be held. This newsletter is mail to nearly 500 people. Our offices are in the Swift County Courthouse at present. Prior to 1997 we were located at the Benson City Office Building. Our annual meeting is advertised and open to the public as well.

I believe the controversy for county economic development corporations may be nullified quite simply. The remedy would be to pass a law allowing for counties to create Economic Development Authorities (EDA), just as cities do. At this point in time, several counties have sought, and most but not all have had special legislation passed allowing

301 14th Street North • Benson, MN 56215 • (320) 842-4769 • Toll Free (888) 843-4769
Fax (320) 843-4850

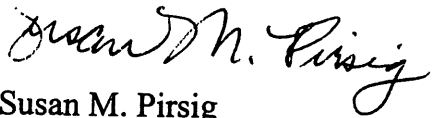
Page 2
September 21, 1998
Office of the State Auditor Letter

them to create either an EDA or a Rural Development Finance Authority with EDA powers. Swift County was given that power by the 1995 legislature. The tools and powers offered by the RDA/EDA is very valuable to us, as is the private non-profit corporation.

Please review the attached information and call me with any questions you may have about Swift County GROW.

Thank you.

Sincerely,



Susan M. Pirsig

enclosure: Survey on Profit and Not For Profit Corporations Created by Public Entities
Minnesota Statutes § 465.715, subd. 3

ATTACHMENT 3

CITY OF PERHAM

125 Second Avenue N.E. • P.O. Box 130 • Perham, Minnesota 56573 • PHONE (218) 346-4455 • FAX (218) 346-9364

October 14, 1998

Carey Moe
Office of the State Auditor
525 Park Street, Suite 400
St. Paul, MN 55103

Dear Ms. Moe:

Enclosed please find copies of the City of Perham's response to the Survey of Corporations created by Public Entities. Some of our responses may seem contradictory without some further explanation. We are reporting on two entities and will provide an explanation separately for each.

Perham Area Community Center

The first entity for which we are reporting is the Perham Area Community Center. The Perham Area Community Center is a non-profit corporation which was created by action of local residents. The City Council was aware that the corporation was being formed, however, the City did not directly participate in the formation process.

Perham Area Community Center was formed as an independent non-profit corporation to provide financing and to operate the Perham Area Community Center.

Perham Area Community Center was constructed with pledges made by individual residents from the City of Perham and the surrounding area. These pledges ranged in the amounts from \$100 to \$25,000 and greater. In working with the local banks, the City of Perham negotiated a sale of Recreational Facility Gross Revenue Bonds to pay for construction of the Perham Area Community Center building.

The pledge revenues along with all operating revenues from the Community Center were pledged as funding sources to meet the bond obligations. Major sources of revenue for the Community Center are membership revenues which are sold to individuals, couples and families throughout the area and rental income generated from short-term and long-term rental of various portions of the Community Center building.

The City entered into a long-term contract with the Perham Area Community Center, Incorporated, a non-profit corporation, which provided for construction and operation of the Community Center. This contract requires that all revenues including donations, rental income and membership income be deposited in the City of Perham bank accounts. All expenditures made by the Community Center are approved by the Perham City Council. All capital expenditures and improvement projects undertaken at the Community Center must also be approved by the Perham City Council.

The Board of Directors of the Perham Area Community Center includes a representative from the City Council. Other representatives are elected by persons holding memberships at the Community Center. The Perham Area Community Center Board of Directors prepares budgets and oversees the day to day management and operations of the Community Center. They employ an Executive Director, Maintenance Director and various Program Directors and part-time staff as needed to operate the facility.

The Community Center receives \$30,000 a year from the City of Perham to meet its on-going operating expenses. At the present time, the City is also contributing funds for a capital expansion project which was completed at the Center in 1996.

Approximately \$680,000 was raised in private pledges and capital leases to pay for an expansion of the Community Center. The City agreed to pay \$210,000 of the expansion costs. The City again financed the total cost of the improvements with the issuance of Gross Revenue Recreational Facility Bonds as described above.

In essence, the City has worked with the Perham Area Community Center, Incorporated, a non-profit corporation, to enable construction of a facility which meets the needs of a wide variety of residents of the greater Perham area. Working with the Community Center, the City was able to construct a facility that is open to the public and is used by the Perham Public Schools for educational as well as extra curricular activities, Senior Citizens, local youth groups, tourists and families. The facility includes a swimming pool, gyms, court/game areas, aerobics, weight training, meeting and similar spaces. When this facility was constructed in 1988 - 1989, the community was critically short of all of these facilities and the cooperative effort between the City and the Perham Area Community Center, Incorporated, allowed for a unique public/private partnership that enabled the community as a whole to raise funds to construct the Center. This was done without the necessity of raising taxes. The City's commitment to the Center has been limited to those approved by the City Council. The City Council through contractual arrangements is able to assure that the Center is operating in a financially sound manner and that there are sufficient revenues, first and foremost to pay the bonds issued for construction of the facility.

The Perham Area Community Center is considered to be a component unit of the City of Perham. The City of Perham includes an audit of the Community Center as part of its overall annual City audit. The City received no state bonding assistance or special sales tax revenues for construction or operation of its Community Center as is being done in neighboring Cities.

Perham Lakeside Country Club

The Perham Lakeside Country Club is a non-profit organization which has managed the Perham Lakeside Golf Course for many years. The relationship between the Perham Lakeside Country Club and the City of Perham is a contractual relationship similar to the relationship between the City and the Perham Area Community Center. There are however, some important differences.

The City did not contribute any funds for the construction or on-going operations of the golf course. The City did issue Gross Revenue Recreational Facility Bonds for construction of the golf course and for additional improvements which have been made to the golf course from time to time.

These bonds have been backed strictly by revenues generated by the golf course itself. The golf course and Perham Lakeside Country Club generate revenues through memberships, green fees and operation of the club house and pro-shop.

The golf course makes payments to the City on a monthly basis for the months of May through October which are used by the City to pay off the golf course revenue bonds. The City Council must approve all capital expenditures which exceed \$25,000. All modifications, expansions or other major improvements to the golf course, must be approved by the Perham City Council in advance.

The Perham Lakeside Country Club submits a budget and annual financial report to the City Council. The City includes the golf course as a component unit for audit and reporting purposes. The City's contract with

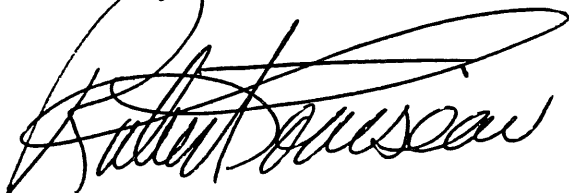
Perham Lakeside Country Club specifically states that the course is to be operated as a public course open for general use by local residents and other members of the general public. The Perham Lakeside Country Club is a management entity for the golf course. The people who sit on the Board of Directors of Perham Lakeside Country Club have an active interest in golf and the golf course. The contractual relationship between the City and Perham Lakeside Country Club allows for a balance between the needs of the general public and those who have an interest in golfing. It also allows the Perham Lakeside Country Club to conduct other activities at the golf course such as the pro-shop, club house and other services which the City does not desire to become involved with.

The contractual relationships between the City of Perham and the Perham Area Community Center and the Perham Lakeside Country Club are designed to allow the community to offer services which it would otherwise be unable to support. They provide a vehicle which allows for non-residents to in effect tax themselves and/or pay service fees for use of these facilities on an on-going basis. They also allow and require that the operating entities maintain competitive, financially sound operations in order to meet their bond obligations and to continue long-term operations. They allow for adequate oversight on the part of the City Council to assure and protect the public interest.

Without these entities, the City would not be able to offer these services to the community at levels the residents desire. They also allow for non-residents to participate in the operations of these facilities.

We would be glad to provide further information to you or members of the Legislature regarding these public/private partnerships. We firmly believe that they serve the greater interest of the Community and the public. They minimize public risk and maximize public opportunities for use and benefit of key recreational facilities in our Community.

Yours truly,

A handwritten signature in black ink, appearing to read "Robert Louiseau". The signature is fluid and cursive, with a large initial "R" and "L".

Robert Louiseau,
City Manager

RLL/fn

Encl.

CC:City Council
CC:Roxann Daggett
CC:Dallas Sams
CC:Karla McCall, Finance Officer

ATTACHMENT 4



September 29, 1998

Michael Schmit
City Administrator
City of Willmar
P.O. Box 755
Willmar, MN 56201

Dear Mick:

Pursuant to your request for information, I am providing completed survey's for Rice Memorial Hospital's related corporate structure. It is my understanding that this information will be forwarded, along with other information from the City of Willmar, to the Office of the State Auditor in fulfillment of a statutory requirement.

I need to caution that the survey is very limited in describing the scope and nature of the organizations. In addition, two of the organizations, the Willmar Surgery Center, LLP, and Rice Home Medical, LLC, have undergone corporate restructuring within the past three years. As you may recall, the Willmar Surgery Center was originally owned by the Rice Health Foundation and Affiliated Community Medical Centers. In, 1996, the Rice Health Foundation transferred its ownership in the surgery center to Rice Memorial Hospital. Rice Home Medical, LLC, is a new organization created to operate the business formerly known as Home Medical of Minnesota, a wholly owned subsidiary of the Rice Health Foundation. The Foundation essentially sold half of its ownership interest in this business to Rice Memorial Hospital when the new corporate structure was created at the beginning of 1998. I have completed the reports under the current structure of these organizations.

I have also enclosed a copy of my earlier letter to you on the subject of related organizations, which includes a reference to our statutory authority to create and operate such entities. Rice has successfully used separate corporate entities to accomplish specific business purposes for a long time. Given the complexity and dynamic nature of the health care delivery environment, we would strongly defend our need and ability to do so in the future.

I will be following this issue closely and have asked the Minnesota Hospital and Healthcare Partnership, our trade association, to monitor any legislative activity in

RICE MEMORIAL HOSPITAL
301 Becker Avenue S.W. • Willmar, Minnesota 56201-3395
(320) 235-4543

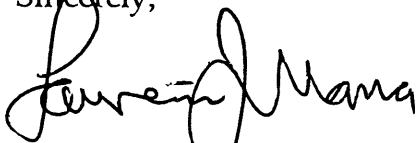
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Michael Schmit
Page 2
September 29, 1998

this area. I would also appreciate it if you would keep me apprised of the activities of the Office of the State Auditor.

As always, feel free to contact me if you should have any questions or require further information.

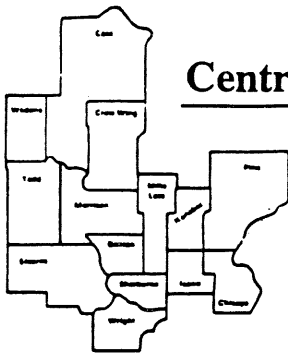
Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence J. Massa". The signature is written in a cursive style with a large initial "L" and "M".

Lawrence J. Massa
Chief Executive Officer

LJM
Enclosures (4)

ATTACHMENT 5



Central Minnesota Educational Research and Development Council

570 - FIRST STREET SOUTH EAST
ST. CLOUD, MN 56304-0800 PHONE (320)252-0832 FAX (320) 252-8569

October 7, 1998

Ms. Carey Moe
Office of State Auditor
525 Park Street, Suite 400
St. Paul, MN 55103

Dear Ms. Moe:

Enclosed is the survey report on corporations created by public entities for the Central Minnesota Educational Research and Development Council.

The CMERDC is a joint powers/non-profit public entity of 81 public school districts in central Minnesota.

The purpose of the non-profit corporation status is best summarized in the Articles of Incorporation.

“The purpose of the Council is to conduct, implement, and carry into effect the purpose and intent of that Minnesota Statutory Joint Agreement by and between certain School Districts in the Central Minnesota area dated November 3, 1965, and authorized pursuant to MSA 471.59. This purpose shall include that Agreement as it has heretofore and may hereafter be amended as well as such other Joint Powers Agreements as may be entered into by and between the School Districts included in the geographic area referred to in the By-Laws.”

Also enclosed is the joint powers agreements between public schools, special state legislation for CMERDC, Internal Revenue Service ruling, Bureau of Mediation service certification, PERA status, and Minnesota Department of Children, Families & Learning identification number, which all support the legal base that CMERDC is a public entity which is owned and operated by public school districts.

We ask that in your review of the survey and attached materials that it is noted that CMERDC is an organization which is managed by school districts for the purpose of providing services to school districts. The board of directors are representatives of school districts and meet monthly. All of the member school districts meet at least annually. Again, notwithstanding that the form may appear somewhat different, in practice we believe our organization is consistent with Minnesota Statutes, including Minn. Stat. §471.59, the Joint Powers Act.

If you have any questions or need additional information, please contact me at 1-800-548-0359.

Sincerely,

A handwritten signature in black ink that reads "Ted Giencke". The signature is written in a cursive, flowing style.

Ted Giencke
Executive Director

EXHIBIT F

Partial List of Comparison of Governmental to Non-Profit Requirements

1-29-99

<u>Restriction</u>	<u>Requirement for Government Organizations</u>	<u>Requirement for Nonprofit Corporations</u>
1. Open Meeting Law (M.S. § 471.705)	Government Entities are required to have open meetings	No open meeting requirement
2. Data Practices (M.S. ch. 13)	Generally all documents must be accessible to public	No requirements
3. Contracting (M.S. § 471.345)	Public entities are required to have formal bidding for contracts over \$25,000	No requirements
4. Public Purpose (Minn. Const., Art. X)	Public funds may be spent only for a public purpose (i.e., public entities cannot purchase alcohol)	No public purpose requirement
5. Compensation of Employees		
a. Limit on the total amount paid (M.S. § 43A.17)	Political subdivisions generally cannot pay employees more than 95% of governor's salary	No limitation
b. In-Kind Benefits for Employees	Can only provide those in-kind benefits authorized by legislature	No limitation
c. Equitable Pay (M.S. § 471.991- § 471.999)	Compensation paid by political subdivisions for comparable job positions must bear a reasonable relationship to one another	No requirement
d. Severance (M.S. §§ 465.72, 465.722)	Limited to one year severance for most employees or six months for highly compensated employees	No limitation

e. Loan/Advances	Generally speaking, public entities cannot advance or loan employees funds, or guarantee employee loans	Nonprofits can advance, loan or guarantee loans to officers and employees or their relatives if board of directors determines it to be a benefit to the corporation
6. Annual budget (M.S. § 275.065)	Generally, taxing entities including cities, counties and towns are required to have budgets as part of truth-in-taxation	No requirement for an annual budget
7. Auditing Requirement (M.S. §§ 471.697 and 6.48)	Generally, all counties, and cities and towns over 2,500 in population are required to have a GAAP audit	No requirement
8. Limitations on Debt (M.S. ch. 475, § 471.69)	Generally, municipalities have total debt limitations, election requirements, and public sale requirements related to issuing debt	No requirements or limitations
	Generally, municipalities cannot issue warrants or checks in excess of the average annual levy plus 10%	No limitations
9. Gifts to local officials by interested parties (M.S. § 471.895)	Generally prohibited	No limitation
10. Tort liability (M.S. ch. 466)	Maximum liability \$300,000 per claim, \$750,000 per occurrence	No limitation
11. Deposits (M.S. ch. 118A)	Public deposits must be covered by deposit insurance or bond or pledged collateral	No requirements
12. Investments (M.S. ch 118A)	Public investments are restricted to safe investments	No limitation (see M.S. §317A.161, subd. 8)

- | | | |
|---|--|-----------------|
| 13. Publicly-owned vehicles
(M.S. § 471.346) | Generally, vehicles owned by political subdivisions must be identified as being owned by the political subdivision | No requirements |
| (M.S. § 471.666) | With specific limited commute exceptions, no personal use of governmental vehicles allowed | No requirements |
| 14. Claims against entity (M.S. § 471.38) | Claim must be in writing, must be itemized and must be approved by the governing body | No requirements |

kenney\comparison chart