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**[PROPOSED] Findings and Order Establishing  
Circle Lake Improvement District**

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

**Findings**

1. Rice County (“County”) recognizes that its lakes and land are important natural resources.
2. Circle Lake is located within Forest Township of Rice County.
3. Petitioners filed their petition pursuant to Minnesota Statute §103B.521 (“Petition”), requesting consideration by the County Board for the establishment of a lake improvement district for Circle Lake with a proposed name of Circle Lake Improvement District (“CLID”).
4. The Petition generally complies with Minnesota Statute §103B.521 and Minnesota Rules §6115.0970.
5. Petitioners are owners of certain parcels of real property within the appropriate natural hydrologic boundaries and tracts of real estate of the territory surrounding and abutting Circle Lake.
6. The Circle Lake Association unanimously supported the Petition and over eighty individual landowners executed signature pages in support of the establishment of the CLID as proposed in the Petition.
7. Petitioners represent the majority of property owners within the above referenced territory surrounding Circle Lake.
8. The Petition identifies the properties proposed for inclusion within the designated boundary of the CLID (“CLID Property”).
9. Circle Lake suffers from issues or threats, including, but not limited to, a hypereutrophic condition, including high nutrient loading of Chlorophyll A and phosphorus not within the Minnesota Pollution Control Agency Lake Standards and an over-abundance of aquatic invasive species (AIS) and other non-native species.

10. Petitioners state that the primary purpose, objective and mission of the proposed CLID is to serve as a steward of the lake community, to protect, preserve, promote, and improve the recreational and overall quality and integrity of Circle Lake.
11. A Lake Improvement District provides a reasonable approach to lake maintenance and protection.
12. On \_\_\_\_\_, 2018 the County Board passed a resolution setting a public hearing in accordance with Chapter 103B to obtain input about the proposed CLID.
13. Notice of the public hearing was sent to the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, local units of government and all owners of property within the proposed CLID boundary. Notice was properly published and posted as required by law.
14. On November 13, 2018, the County Board conducted a public hearing at the Rice County Government Center in Faribault, Minnesota concerning the creation of the proposed CLID. Oral and written comments were received by the County Board.
15. The response from the Minnesota Department of Natural Resources regarding the establishment of the proposed CLID was read into the record.
16. The Minnesota Department of Natural Resources determined that [summary of report].
17. A consensus of those attending the hearing or submitting written comments [supported/opposed] the creation of the proposed CLID.
18. The proposed CLID is a beneficial component in helping to preserve Circle Lake as a viable natural resource in Rice County. Efforts made to date to control aquatic invasive species and other non-native or native species, obtain funding to protect Circle Lake, and plan for the long-term health of Circle Lake have been insufficient.
19. The CLID will promote the public welfare by improving the overall quality of Circle Lake.
20. Landowners will benefit from the proposed CLID because the management and improvement of Circle Lake will allow for greater use of Circle Lake and increase real property values around Circle Lake.
21. The primary programs proposed to be undertaken by the CLID include the following:
  - a. Developing and implementing a comprehensive plan to improve water quality and monitor for potential long-term environmental effects;
  - b. Applying for private and/or public grants and/or entering into contracts with federal or state agencies for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs;
  - c. Entering into contracts with private businesses for the study and treatment of

- pollution, water quality and/or weed problems and related demonstration programs;
- d. Undertaking research to determine the condition and development of the body of water included within the proposed district and to transmit the studies to the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and other interested authorities;
  - e. Making cooperative agreements with the United States, State of Minnesota, Rice County, Forest Township or other cities to effect water and related land resource programs;
  - f. Conducting programs of water improvement, conservation, and education;
  - g. Implementing and/or continuing water quality monitoring programs;
  - h. Serving as the local sponsor for grants;
  - i. Providing input to the Soil and Water Conservation District regarding water use and application as deemed necessary and reasonable;
  - j. Conducting plans, studies, developments and implementations as allowed or permitted by law and approved by the County Board; and
  - k. Coordinating with the proper government agencies for the planning and installation of cluster or community sewage and/or water supply systems.
22. The programs of the proposed CLID would be financed by any combination of:
- a. County, State, and Federal Grants;
  - b. Donations and grants from private parties, corporations, or foundations;
  - c. Loans from governmental entities;
  - d. Imposing service charges on the users of lake improvement district services within the District under Minnesota law;
  - e. Levying an ad valorem tax solely on property within the lake improvement district to be appropriated and expended on projects of special benefit to the District; and
  - f. Imposing any combination of service charges and taxes.
23. The CLID has proposed using an annual user charge to owners of property within the District as the primary means of financing programs for the CLID.
24. Delegation of the powers stated below will allow representatives of the people most directly affected by the actions of the CLID to determine the management of the CLID.
25. The proposed Directors listed below meet the requirements of Minnesota Statute §103B.551.
26. Because of the County's residual financial responsibility under Minnesota Rule 6115.0980, the Directors will be required to maintain insurance and follow standard government accounting principles.

### **Order**

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

1. The CLID is hereby established.
2. The CLID shall include properties within the natural hydrologic boundaries surrounding and abutting Circle Lake as identified on **Exhibit A** attached hereto.
3. Programs of the CLID will be financed by one or a combination of user charges (as described below), ad valorem taxes, or special assessments. Unless otherwise requested by the Directors, after approval by vote at the annual meeting, the primary method of financing programs will be by user charge.
4. Projects of the CLID, upon approval by vote at the annual meeting and approval of the County Board, may be financed by any combination of user charges, ad valorem taxes, or special assessments. The County Board may issue obligations to raise the revenue necessary to implement programs and projects of the CLID.
5. The CLID may also use the following sources of funding:
  - a. County, State, and Federal Grants;
  - b. Donations and grants from private parties, corporations, or foundations; and
  - c. Loans from governmental entities.
6. The primary user charge structure will be calculated based on the total budget for programs and administration of the CLID divided by the total number of chargeable properties within the CLID. Each property owner will be charged a user charge as determined by the CLID. For property owners owning more than one property, the user charge may be divided between and among the properties owned by that distinct property owner. Property owners (defined as all names listed as taxpayers of parcels located within the stated boundaries according to the Rice County Property tax records as owners of the parcel) or the buyer under a contract for deed of real property are entitled to one vote for Board members and on other CLID matters. No unique owner of property shall have more than one vote. A "CLID Property" is defined as a parcel held in separate and distinct ownership, regardless of the acreage or the number of owners, except, when a CLID Property is owned in common by members of a condominium, common interest community, planned unit development or other common ownership arrangement, the owners of each unit having an interest in the common CLID property shall have a vote and shall have all other rights and responsibilities, including being subject to assessment, as an owner of CLID Property.
7. The following powers are hereby delegated to the CLID:
  - a. Developing and implementing a comprehensive plan to improve water quality and monitor for potential long-term environmental effects;
  - b. Applying for private and/or public grants and/or entering into contracts with federal or state agencies for the study and treatment of pollution, water quality,

- c. and/or weed problems and related demonstration programs;
  - c. Entering into contracts with private businesses for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs;
  - d. Undertaking research to determine the condition and development of the body of water included within the proposed district and to transmit the studies to the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and other interested authorities;
  - e. Making cooperative agreements with the United States, State of Minnesota, Rice County, Forest Township or other cities to effect water and related land resource programs;
  - f. Conducting programs of water improvement, conservation, and education;
  - g. Implementing and/or continuing water quality monitoring programs;
  - h. Serving as the local sponsor for grants;
  - i. Providing input to the Soil and Water Conservation District regarding water use and application as deemed necessary and reasonable;
  - j. Conducting plans, studies, developments and implementations as allowed or permitted by law and approved by the County Board;
  - k. Coordinating with the proper government agencies for the planning and installation of cluster or community sewage and/or water supply systems; and
  - l. To take actions necessary for the administration of the Lake Improvement District;
8. The following individuals shall serve as initial Directors upon the adoption of this order and continuing until the 2019 CLID meeting:
- a. Dale Petelinsik;
  - b. Roger Kluzak;
  - c. Cheryl Bahnsen;
  - d. Dean Sunderlin;
  - e. Jeff Jirik;
  - f. Brian Panettiere; and
  - g. Mandi Morrissey.
9. Following the 2019 CLID annual meeting, the CLID will be managed by a seven (7) person Board of Directors with three (3) year staggered terms. Directors shall be owners of property within the CLID. At the 2019 CLID meeting, three (3) Directors will be elected to a three (3) year term, three (3) Directors will be elected to a two (2) year term, and one (1) Director will be elected to a one (1) year term. Thereafter, Directors will be elected to serve three (3) year terms. The terms shall be staggered and shall run from annual meeting to annual meeting.
10. Directors shall be elected at the annual meeting to be held in July or August of each year on a date set by the Board of Directors.

11. At least ten (10) weeks prior to the annual meeting, the Directors shall notify property owners, by mailed notice:
  - a. The date, time, and location of the annual meeting;
  - b. The Director seats open for election (either by expiring term or vacancy);
  - c. The method and timeline for nominating candidates for Director election, including the required qualifications of Directors; and
  - d. The preliminary budget and any budgeted program or project or other item of business to be voted on at the annual meeting.
12. The Directors shall allow at least two (2) weeks from the date of the initial notice for the filing of director candidate nominations.
13. At least two (2) weeks before the annual meeting, the Directors shall provide a second mailed notice to property owners containing:
  - a. The date, time, and location of the annual meeting;
  - b. The agenda for the final hearing, to include each and every item of business to be voted on by landowners at the annual meeting;
  - c. The slate of candidates for the Director election;
  - d. The final proposed budget and any budgeted program or project, or other item of business to be voted on at the annual meeting;
  - e. An absentee ballot for the election of Directors, including instructions for completing and returning the absentee ballot; and
  - f. A proxy delegation form, to include instructions for completing and returning the proxy delegation form and information on how it may be used.
14. In addition to the mailed notices described above, the Directors shall comply with notice requirements pursuant to Minnesota Statute 103B.571.
15. Property owners who are not present at the annual meeting may participate in the election of the Board of Directors by absentee ballot.
16. A Director may be removed from office by a majority vote of the remaining Board members for failure to attend meetings or for conduct detrimental to the good of the CLID.
17. A vacancy on the Board of Directors shall be filled by election at the next annual meeting. The Board of Directors may, by majority vote of the remaining Directors, elect members to temporarily fill vacancies until the next annual meeting. Voting for Directors will be in accordance with **Exhibit B** attached hereto.
18. Directors shall serve in a volunteer capacity and receive no compensation for their services unless authorized by the property owners at the annual meeting. Directors may be reimbursed for actual expenses necessarily incurred in the performance of their duties

in the manner provided for County employees.

19. The CLID shall maintain general liability insurance in the amount of tort limits by Minnesota Statute Chapter 466 and shall name Rice County as an additional insured on such insurance policy. A copy of the insurance policy shall be filed annually with the Rice County Auditor.
20. The CLID shall, within two (2) weeks following the annual meeting, prepare and file a report of the proceedings of the annual meeting with the Rice County Property Tax & Elections Department (or its equivalent office). The report shall be in a form and manner approved by County staff and include the following information:
  - a. Identification of the parcels to be charged or otherwise assessed;
  - b. Name of parcel owner;
  - c. Address of parcel owner;
  - d. Manner and amount of proposed user charge, tax, or fee to each parcel;
  - e. The result of each item of business voted on by the owners at the annual meeting; and
  - f. The approved budget and proposed budget request to the County Board for the following year.
21. The County Board will consider the report and CLID's proposed annual budget request as soon as possible upon receiving all of the above information.
22. The County as a whole is not be responsible for sharing the administration and other costs to administer and operate the CLID. Accordingly, all expenses and costs incurred by the County each year to administer the LID, including but not limited to costs involved in extending charges or assessments, and costs involved in modifying the structure, authorities, or establishment of the CLID, shall be added to and incorporated into the CLID's budget and collected as part of the user charge or tax to properties within the CLID. The purpose of incorporating such amounts into the CLID's budget is to reimburse the County for expenses and costs incurred on an annual basis. The CLIDs proposed budget shall not be approved by the County until all costs and expenses of the County from the previous year are incorporated into the budget. The County will provide an accounting of all costs and expenses to the CLID for incorporating into the annual budget on or before July 15<sup>th</sup> in order to allow time to incorporate such information into the CLIDs' budget.
23. The CLID shall, within four months after its annual meeting, file an annual report with the Rice County Board of Commissioners, the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency and the Rice County Soil and Water Conservation District. The annual report shall include the financial conditions of the CLID, the status of all projects in the CLID, the business transacted by the CLID, other matters affecting the CLID, and a discussion of the Directors' intentions for succeeding years.
24. The CLID may be terminated by petition of a majority of property owners pursuant to

statutes section 103B.581.

25. The CLID shall operate in accordance with Minnesota Statutes §103B.501 to 103B.581 and Minnesota Rules 6115.0900 to 6115.0980 and within the limitations of this Order.
26. This Order will become effective 30 days after its publication in the Rice County Record.

This Order was approved by the Rice County Board of Commissioners at its meeting on November 13, 2018.

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Steve Bauer  
Chair, Rice County Board of Commissioners

Dated this \_\_\_\_ day of November, 2018

Attested to by:

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County Administrator