

SPECIAL CITY COUNCIL MEETING

**September 22, 2026
City Council Chamber
6:30 p.m.**

AGENDA



CITY OF WINDOM, MN

444 Ninth Street, P. O. Box 38

Windom, MN 56101

Phone: 507-831-6129

Fax: 507-831-6127

www.windom-mn.com

1. Call to Order
2. Pledge of Allegiance
3. 2025 City of Windom Audit Presentation
4. Purchase Agreement Approval – Federated Rural Electric – WindomNet
5. Adjourn

ACTION ITEM



CITY OF WINDOM

444 9th Street

Windom, MN 56101

Phone: 507-831-6129

Fax: 507-831-6127

www.windom-mn.com

TO: City Council *[Signature]*
FROM: City Administrator and Finance Director *[Signature]*
DATE: September 17, 2026
RE: 2025 Audit
DEPT: Administration\Finance
CONTACT: Steve Nasby: Steve.Nasby@windommn.com or Donna Torkelson: Donna.Torkelson@windommn.com

Recommendations/Options/Action Requested

Staff recommends that the City Council take the following action:

1. Approve acceptance of the 2025 Audit.

Issue Summary/Background

CliftonLarsenAllen (CLA) conducted the City's audit for the second year (2024 and 2025). Field work was substantially completed in April 2026. The final report was completed by CLA and a representative of the firm will be presenting the results of the audit.

Fiscal Impact

Audits are required by Minnesota Statute to qualify for Local Government Aid and other State aid.

Attachments

1. 2025 City of Windom Audit (electronic version on website)

ACTION ITEM



CITY OF WINDOM

444 9th Street

Windom, MN 56101

Phone: 507-831-6129

Fax: 507-831-6127

www.windom-mn.com

TO: City Council 
FROM: City Administrator and Ron Schramel, Acting City Attorney
DATE: September 17, 2026
RE: Federated – Windomnet Purchase Agreement
DEPT: Administration\Legal
CONTACT: Steve Nasby: Steve.Nasby@windommn.com or schramellaw@windomnet.com

Recommendations/Options/Action Requested

Staff recommends that the City Council take the following action:

1. Consider approval of the purchase agreement between the City of Windom and Federated Rural Electric/Broadband for the acquisition of Windomnet.

Issue Summary/Background

The City Council passed Ordinance #212, 2nd Series for the sale of real estate and assets of Windomnet on September 1, 2026. The Acting City Attorney and legal counsel for Federated have worked on the completion of a purchase agreement for this transaction.

The purchase agreement contains the price paid (section 1.a), assets and real estate to be acquired, responsibilities of each party, internet service for the City of Windom facilities (section 13), advisory board representation (section 14) and employment of Windomnet employees (section 15) along with a bill of sale to be executed upon closing (Exhibit A) which is scheduled herein for December 18, 2026 pending MN PUC and FCC approvals.

The Acting City Attorney has reviewed the Asset Purchase Agreement and has approved form and content.

Fiscal Impact

City of Windom will receive \$7.9 million upon closing at time of sale. Outstanding bonds and internal loans totaling approximately \$5.5 million will need to be repaid at some time following the sale. Costs for the operations of Windomnet and all revenue from operations will be the City's through closing and any accounts payable\receivable are covered within the agreement as to responsibility.

Attachments

1. Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of September____, 2026, between, the City of Windom, dba Windomnet (hereinafter referred to as “Windomnet”) and Federated Rural Electric Association, a Cooperative Association under the laws of the State of Minnesota (hereinafter called “Federated”).

RECITALS

WHEREAS, The City of Windom Minnesota owns and operates a broadband business known as Windomnet; and,

WHEREAS, Windomnet desires to sell and Federated desires to purchase the real property, structures, personal property, software programming, client lists, records, inventory, fixtures and equipment, and other miscellaneous assets required to operate Windomnet, on the terms and conditions contained set forth in this Asset Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements contained in this Asset Purchase Agreement, the parties agree as follows:

1. **ASSETS SOLD AND PURCHASE PRICE.** As of the Closing Date designated in Paragraph 3, Windomnet agrees to sell, assign and transfer to Federated and Federated agrees to purchase, accept and assume the assets and property described as follows (hereinafter collectively called “Assets”) in compliance with all applicable laws, statutes and regulations:

(a) **PURCHASE PRICE.** Windomnet’s assets shall be purchased for \$7,900,000.00, payable to Windomnet in certified funds at closing.

(b) **PERSONAL PROPERTY.** The personal property herewith sold and purchased shall include the personal property required to operate the Windomnet business and shall include but not be limited to: the Network Operations Center (NOC); IP addresses; domain names; website hosting accounts; email accounts; all related administrative credentials associated with Windomnet; all passwords and security protocols; all of Windomnet’s records including all hard copies and electronically stored copies of the customer lists and mailing lists used by Windomnet in its operations and in the possession of Windomnet through the date of closing; all account lists; Windomnet files; operating records; Windomnet supplies; Windomnet furniture; fixtures; installation equipment; other operations equipment; Windomnet computer equipment; Windomnet proprietary information and trade secrets; licenses; customer orders; contract rights; telephone numbers; goodwill; and other tangible or intangible property as may be used by Windomnet in its business. Windomnet shall furnish Federated with a copy of its 2025 audit inventory when it’s completed.

Furthermore, Windomnet covenants and agrees that it shall take such steps as may be commercially reasonable to assure Federated that the confidential information comprising these assets in this Section 1(b) will not be diverted or used by any employee of Windomnet or the City of Windom after closing to promote, start a business or compete with Federated's operation of Windomnet. Federated will permit Windomnet reasonable post-closing access to the business records for the purpose of collecting receivables.

(b) **REAL PROPERTY.** The real estate and buildings thereon to be purchased as part of this transaction are located at 443 10th Street, Windom, MN 56101 in Cottonwood County, Minnesota, (Property) described as follows:

Lots 20, 21, 22 and 23; the vacated alley located between Lots 21 and 22; and the North 12 feet of the vacated alley located between Lot 1 and Lots 20 through 25, EXCEPT the West 58.00 feet thereof; all in Block 18 of the Original Townsite of the Village (now City) of Windom in Cottonwood County, Minnesota.

The Property shall include proper and adequate access and parking or easements shall be granted to provide for such access and use.

The following titled property (vehicles) is also included in this sale/purchase: 2016 GMC with VIN-1GTV2LEC8GZ392803; 2009 Chevrolet with VIN-1GCEK14X89Z256697; 2012 GMC with VIN-1GTR2VE71CZ266924; 2024 Trailer (splicing trailer) with VIN-50ZBE1223RR048125; and, 2022 Ford F250 with VIN-1FT7W2B68NEE92460.

(c) **REAL PROPERTY AND CONTRACT RIGHTS.** Windomnet shall assign and transfer to Federated all licenses, permits, easements, leases, and subleases of Windomnet as may be used by Windomnet in its business. Such assignment of licenses, permits, easements, leases and subleases shall be in recordable form to permit recording in the Cottonwood County Records records or elsewhere as may be required. Windomnet, as the legal owner or holder of these assets, shall prepare the instruments of assignment and transfer and secure the necessary approvals to complete these transfers.

Federated will not accept any contracts or agreements that Windomnet has to operate its cable television service. In addition, Federated does not accept the following contracts with: Adara Technologies Inc.; AZAR Computer Software Services, Inc.; eLation; Kulseth Lawn Landscaping & Concrete; and Award Consulting.

Federated does not accept, but agrees to be responsible to terminate the: PUC, "*Competitive Local Exchange Carrier*" authorization; and, the FCC META Switch license. The City of Windom will pay Federated for one half the cost to terminate these authorizations/licenses up to a total of \$10,000.

Federated shall attempt to identify licenses, easements, leases and subleases of Windomnet that Federated will not accept prior to closing but shall have 6 months following closing to identify any additional licenses, easements, leases and subleases of Windomnet that it does not want and which the parties will use their best efforts to promptly cancel.

- (d) The company name, Windomnet.

SPECIFICALLY EXCLUDED FROM THE SALE AND PURCHASE ARE THE ASSETS WHICH WILL BE RETAINED BY THE City of Windom are: Bond reserves; account receivables due as of the closing date; cash collected as of the date of closing; the “rack space” presently occupied (approximately 3 feet) in the “NOC”; and the META SWITCH.

2. **ALLOCATION OF ASSETS PURCHASE PRICE:** The purchase price of Seven Million Nine Hundred Thousand and no/100ths Dollars (\$7,900,000.00) shall be allocated by the parties hereto after all assets have been inventoried and good faith reasonable market values have been assigned to the assets. The parties will in good faith work to complete the allocations within 12 months of the closing. The real estate value, for the purpose of this sale and the determination of the deed tax amount, shall be Cottonwood County’s assessed tax market value of the property in the year of the sale.

3. **INVENTORY, INVENTORY DATE AND CLOSING DATE.** The inventory shall include: maps, drawings and as built diagrams, of any and all installed fiber optic cable and connecting equipment; equipment, parts, and supply inventory lists; fiber routes: fiber counts; vault and pedestal locations; and audit inventory lists. The Inventory shall be concluded by Friday, October 30, 2026, and the Closing Date shall be Friday, December 18, 2026. The closing shall be held on the Closing Date set forth above at the Windom Minnesota’s Council Chambers. The transfer of possession and sale of all property and assets sold under this Asset Purchase Agreement shall be effective as of the commencement of the business day on the December 18, 2026, unless by mutual agreement of the parties a different date and time would be more beneficial.

At the closing, the City of Windom shall execute and deliver to Federated: a Minnesota Uniform Warranty deed, in recordable form to transfer all real estate; a proper Bill of Sale to the above assets and property warranting that the same are free and clear of all liens and encumbrances the form of which is attached to this Agreement as Exhibit A; and, any other instruments, bills of sale, assignments, or other documents necessary to properly effect the transfer of marketable title to the Assets and property. At the time the Assets and property are inventoried, Windomnet shall provide Federated with an accurate count of the Inventory. Windomnet shall complete and cooperate with Federated in complying with any and all state or federal or local laws pertaining to the transfer of the licenses held by Windomnet to Federated to operate Windomnet.

4. **PAYMENT OF PURCHASE PRICE.** \$7,900,000.00 (the purchase price specified in Section 1 above) shall be paid in certified funds at Closing, subject to and upon conveyance and assignment of good and merchantable title of the purchased Assets and completion of all the terms of this agreement.

5. **WINDOMS CONTINUED OBLIGATIONS.** Among the obligations for which the City of Windom shall continue to be liable are the following:

- (a) All fees, costs and expenses incurred by Windomnet for legal services, accounting services, or other services related to the sale of the Assets or the negotiations leading toward this Agreement;
- (b) All liabilities of Windomnet for wages, vacation pay, termination pay, employee benefits, employment taxes, severance pay, or other obligations of Windomnet with respect to Windomnet's employees;
- (c) All liabilities, expenses and costs of Windomnet, including attorneys' fees, incurred as a result of any past, present or future litigation arising out of any transaction or occurrence that took place before the sale of the Assets to Federated, except for Federated's failure to pay full consideration;
- (d) All costs, expenses, liabilities, or other obligations incurred by Windomnet as a result of sale and transfer of the inventory, records, and other assets under this Agreement;
- (e) All costs, expenses, liabilities, or other claims arising as part of Windomnets operations prior to the closing date; and,
- (f) Windomnet's accounts payable due for the period before the closing date.
- (g) The City of Windom, through Windomnet, shall assist Federated for up to three (3) months after the Closing Date with the transfer of the billing procedures to Federated and for the proper accounting of the City of Windom's revenues from the billing periods prior to the Closing Date.

6. **INVENTORY IN TRANSIT.** Windomnet shall attempt to avoid ordering inventory and supplies that will not be delivered and paid for prior to closing. Inventory and supplies normally ordered in the usual course of business by Windomnet but that cannot be delivered to Windomnet on or prior to the Closing Date stated in Section 3, shall become the property of Federated, and Federated shall pay the supplier directly for such inventory and supplies, provided that Federated is consulted and agrees to pay for said order prior to the order being made.

7. **RISK OF LOSS.** Until the Closing Date, Windomnet assumes all risk of destruction, loss or damage from fire, casualty or any other cause to the assets and property sold. Federated shall have the right to terminate this Agreement and be entitled to be promptly refunded any payments made against the purchase price. If the business operations of Windomnet are curtailed or interrupted prior to the Closing Date because of any loss, damage or destruction of the assets thereof, unless such loss, damage or destruction of assets is not of such a nature as to curtail or interrupt the said business, then Windomnet shall use its best efforts to replace, repair or restore the same prior to the Closing Date at Windomnets expense. If any such repairs, replacement or restoration shall not have been completed at the Closing Date, the purchase price shall be adjusted, after all insurance proceeds are applied, at the Closing Date to reflect such loss, destruction or damage.

8. **CONDUCT OF BUSINESS PENDING CLOSING.** The Windomnet business will be conducted by Windomnet up to the Closing Date according to and conforming to all laws, rules and regulations of the city, state and federal governments. Up to the Closing Date Windomnet will operate and maintain its business in the normal and regular manner in accordance with Windomnet's usual business practices now in force and will use its best efforts to preserve the good will of its customers.

9. **WARRANTIES AND REPRESENTATIONS OF WINDOMNET AND FEDERATED.** The parties specifically warrant and represent to each other, and agree to provide satisfactory evidence thereof at Closing as follows:

(A) WINDOMNET REPRESENTS AND WARRANTS:

(a) The City of Windom is duly authorized to do business in the State of Minnesota, as it is currently being conducted;

(b) All actions and appropriate proceedings required to be part of the transaction by Windomnet for the authorization and performance of this agreement by Windomnet under the laws of the State of Minnesota;

(c) The City of Windom has full and unrestricted power to sell, transfer and deliver to Federated all the Assets and property sold pursuant to this Agreement and that any Bills of Sale to the same to be delivered pursuant to this agreement are valid in accordance with their terms and effectively vest in Federated good and marketable title to the same as contemplated by this agreement free and clear of any and all liens, liabilities, obligations and encumbrances;

(d) The City of Windom shall indemnify and defend Federated against any and all claims brought against Federated or the Assets purchased hereunder as a result of Windomnet's failure to convey good title to the Assets to Federated;

(e) That the City of Windom is, and will be as of the Closing, the lawful owner of all Assets purchased under this agreement; that it has, and will have as of the Closing, good and

marketable title to the Assets; and that the Assets are, and will be as of the closing, free and clear of any judgments, liens, security interests, encumbrances, actions, charges, claims, proceedings, liabilities and obligations;

(f) That the City of Windom shall promptly pay and discharge all debts, liabilities and obligations having to do with the Assets purchased hereunder as each comes due;

(g) That Windomnet will not enter into any other contract or take any action to sell, mortgage, or encumber all or part of the Assets to be sold under this Agreement. Windomnet will not enter into any new contracts, or amend any existing contracts, for services or goods to be provided after closing. This includes contracts which are prepaid to Windomnet before closing for services or goods to be provided after closing;

(h) That the sale of the Assets under this Agreement will not conflict with the terms of any agreement or lease to which Windomnet is a party or create any lien, charge, or encumbrance upon the Assets;

(i) That the City of Windom will indemnify and defend Federated against all losses, liabilities, and expenses, including reasonable attorney fees, court costs, and settlement costs, incurred by Federated as a result of Windomnet's breach of any warranty contained in this Section;

(j) That the transfer of Assets under this Agreement will comply with all applicable federal, state, and local laws and regulations;

(k) That the City of Windom is not, and will not, sell or convey any portion of the assets to any person other than Federated. The City of Windom agrees that it shall not use any copies or reproduction of the information included in the in sale of assets for the purposes of operating a similar competing business;

(l) That Windomnet will be operated by Windomnet through Closing in accordance with all applicable federal, state and local laws and regulations and in accordance to Windomnet normal operating practices;

(B) FEDERATED REPRESENTS AND WARRANTIES:

(a) Federated is a non-profit cooperative association under the laws of the State of Minnesota and duly authorized to do business in the State of Minnesota, as it is currently being conducted;

(b) All actions and appropriate proceedings required to be taken by Federated for the authorization and performance of this Agreement by Federated under the laws of the State of Minnesota have been taken.

(c) Federated shall indemnify and defend the City of Windom against all losses, liabilities and expenses, including reasonable attorney fees, court costs, and settlement costs,

incurred by Windomnet as a result of Federated's breach of any term of this agreement or the need to enforce this agreement.

10. SURVIVAL OF REPRESENTATIONS, WARRANTIES & AGREEMENTS.

All representations, warranties, covenants and agreements made in this Agreement shall survive the closing of this sale and purchase under this Agreement.

11. MISCELLANEOUS.

a. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated herein, and all prior understandings or agreements, whether written or oral, shall be deemed to have been merged into this agreement and shall have no further force or effect to the extent to which they may conflict with respect to any of the terms and conditions set forth herein.

b. There shall be no amendments to this Agreement unless mutually agreed upon between the parties in writing.

c. The terms and conditions of this Agreement shall survive the Closing and shall not be merged into the bill of sale, deeds, assignments or any other instrument of conveyance.

d. Time is of the essence of this Agreement.

e. This Agreement shall not be severable with respect to the inventory, records and other assets herein described. Federated must complete the purchase of all such assets in order to perform its obligations hereunder except as noted in the risk of loss provision above.

f. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns but this Agreement shall not be assignable without the written consent of the other party.

12. NOT A JOINT VENTURE. The transaction contemplated herein is a conveyance of assets only. Nothing in this Agreement should be construed to create any form of partnership or joint venture between Federated and Windomnet. Federated shall not assume any debts, liabilities, contracts, or other obligations of Windomnet, except as specifically set forth herein, and Windomnet shall make no representations to the contrary to any third party, unless specifically identified by Windomnet.

13. INTERNET SERVICE FOR CITY OF WINDOM. Federated will provide the City of Windom free internet service, at their current service levels, for 10 years at 12 separate

locations. Windom will have the sole discretion to determine which of the 12 locations will receive the free internet service.

14. **FEDERATED ADVISORY COMMITTEE.** The City of Windom shall have two representatives on the Federated Broadband Advisory Committee.

15. **WINDOMNET EMPLOYEES.** On or before the actual closing of the purchase of Windomnet by Federated, Federated will contact and make an offer of employment to; Jeff Dahna, Jordan Bussa, Andrew Rossow and Brian Turner.

Windomnet staff shall be employed by Federated at their current rates of pay, which shall be maintained without change, conditioned upon the continuation of job duties and responsibility at their current levels. Federated will give credit to employees of Windomnet who are employed by Federated for their years of service with Windomnet as it pertains to participation in paid time off benefits. Their employment will be subject to Federated's normal and customary employment rules, regulations, guidelines and benefits package.

The employees referred to herein will be stationed in Windom Minnesota.

Their primary work area will be the operations of Windomnet and the surrounding counties of Cottonwood, Jackson and Martin.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

Federated Rural Electric Association

City of Windom, Minnesota

By _____
Its President

By _____
Hilary Mathis, Mayor

By _____
Its Secretary/Treasurer

Attest: _____
Steve Nasby, City Administrator

ACKNOWLEDGEMENTS CONTINUED TO PAGE 9

ACKNOWLEDGEMENTS

STATE OF MINNESOTA, COUNTY OF COTTONWOOD) ss.

On the _____ day of September, 2026, before me, personally appeared, Hilary Mathis and Steve Nasby, the Mayor and City Administrator respectively of the City of Windom Minnesota on behalf of Windomnet, a political subdivision of the City of Windom, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

Notary Public

STATE OF MINNESOTA, COUNTY OF JACKSON) ss.

This instrument was acknowledged before me this _____ day of September, 2026, by David Meschke and Jon Saxen, the President and Secretary/Treasurer, respectively, of Federated Rural Electric Association, a Cooperative Association under the laws of the State of Minnesota, on behalf of the Association, Federated.

Notary Public

EXHIBIT A

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

This BILL OF SALE is made this ____ day of December, 2026, by Hilary Mathis and Steve Nasby, the Mayor and City Administrator respectively of the City of Windom Minnesota on behalf of Windomnet, a political subdivision of the City of Windom, being authorized so to execute this Bill of Sale, (hereinafter collectively referred to as "Assignor") and Federated Rural Electric Association, a cooperative association under the laws of the State of Minnesota, located at 77100 US Highway 71, Jackson, MN 56143 (hereinafter called "Assignee"),

In consideration of One Dollar and other good and valuable consideration, Assignor hereby sells, bargains, grants, conveys, transfers, and assigns to Assignee, free and clear of all encumbrances, liens, restrictions, and security interests whatsoever, all personal property described in the Asset Purchase Agreement.

TO HAVE AND TO HOLD the same by Assignee, its successors and assigns, forever, and Assignor, does for itself, and its successors and assigns, covenant and agree to and with Assignee to warrant and defend the said property hereby sold unto Assignee, its successors and assigns, against all and every person and persons whatsoever.

IN WITNESS WHEREOF, Assignor, has hereunto caused this instrument to be executed at Windom, Minnesota on the year and date first above written.

WINDOMNET, ASSIGNOR:

City of Windom, Minnesota:

By _____
Hilary Mathis, Mayor

Attest: _____
By Steve Nasby, City Administrator

ACKNOWLEDGEMENTS

STATE OF MINNESOTA, COUNTY OF COTTONWOOD) ss.

On the _____ day of December, 2026, before me, personally appeared, Hilary Mathis and Steve Nasby, the Mayor and City Administrator respectively of the City of Windom Minnesota on behalf of Windomnet, a political subdivision of the City of Windom, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

Notary Public