

Midwest Minnesota
Community Development Corporation
PO Box 623
Detroit Lakes, MN 56501

U.S. DEPT. OF LABOR
ERISA/PUBLIC DISCLOSURE
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June 27, 2002

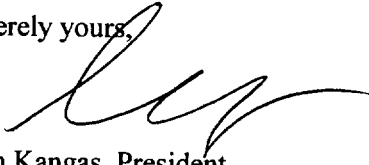
Top Hat Plan Exemption, PWBA
Room N-5644, U.S. Department of Labor
200 Constitution Ave NW
Washington, DC 20210

We are hereby enclosing a statement which satisfies the alternative method of compliance with the ERISA reporting and disclosure requirements pursuant to DOL Reg. 2520.104-23.

- Employer: Midwest Minnesota Community Development Corporation
PO Box 623
Detroit Lakes, MN 56561
EIN: 41-0972298
- The employer maintains a top-hat plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.
- The employer maintains one top-hat plan.
- One employee participates in the top-hat plan maintained by the employer.

Please contact us, if you have any questions or need any additional information regarding this top-hat plan.

Sincerely yours,



Arlen Kangas, President

JOHN A. MASOG

ATTORNEY AT LAW

201 South Main
Park Rapids, Minnesota 56470

(218) 732-9771
Fax: (218) 732-9772

June 20, 2002

Steve Johnson
Eide Bailly
P.O. Box 2545
Fargo, ND 58108-2545

Dear Steve:

The agreement was approved at the monthly board meeting of June 20, 2002. Enclosed is the final draft.

You had indicated you would take care of the filings with the Department of Labor.

Thank you very much for your help throughout this process.

Sincerely,

John A. Masog
JAM/sa
cc: Arlen Kangas
cc: Royce Peterson
cc: Kathy Henry
cc: Terry Stallman

NON-PROFIT DEFERRED COMPENSATION AGREEMENT

AGREEMENT made this 21st day of June, 2002, by and between Midwest Minnesota Community Development Corporation, (MMCDC), P.O. Box 623, Detroit Lakes, Minnesota, 56501 (hereinafter called "the Organization"), and Arlen Kangas (hereinafter called "the Employee").

WHEREAS, the Employee has been employed by the Organization since 1986 serving as its President since 1988.

WHEREAS, the Organization wants to have the Employee continue serving in an executive capacity until retirement on or about December 31, 2005 (hereinafter "retirement"); and

WHEREAS, the Employee is willing to serve the Organization until retirement provided the Organization will pay compensation for the Employee's services during the period prior to his retirement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, it is agreed between the parties hereto as follows:

ARTICLE 1

Employment. The Organization agrees to engage the Employee in active employment and the Employee agrees to serve the Organization as its President. The Employee further agrees to devote sufficient time, skill, and effort to such employment and to perform all the work required by the Organization promptly and faithfully. The Employee agrees that during the period of his active employment pursuant to this Agreement he will not have any other business affiliations which would interfere with his employment to the Organization. Employee will use his best efforts to hire and train a successor president for the corporation prior to his retirement.

ARTICLE 2

Compensation.

A. The Organization agrees to pay the Employee at a rate that is mutually agreed upon from time to time while he is actively employed and prior to retirement. The rate of compensation payable to the Employee under this Paragraph shall be net of amounts of salary that the Employee has agreed to reduce, if any, before such amounts are earned, and which are part of the deferred compensation provided for in Article 2B.

B. The Organization agrees to establish and maintain a deferred compensation account to which it shall credit sufficient sums to meet a target post-retirement income for Employee of \$50,000 per year for five years (or longer if Paragraph E of this article applies). The account shall be further credited with the net amount, if any, realized from investing any portion of the funds of the account provided that gains on said account accrue to the corporation. Any losses are likewise the risk of the corporation. The obligation of the Organization to maintain a deferred compensation account is merely a contractual

obligation. Neither the Employee, nor any other person claiming any right on his behalf, shall have any interest in the account other than the right to receive the deferred benefits from the account as set forth below. The creation of the account is not intended by the parties to be the creation or establishment of a trust for the Employee.

C. Commencing within thirty days after the later of either the date of the Employee's retirement from active employment or December 31, 2005 (or longer if Paragraph E of this article applies), the Organization shall pay the Employee, as deferred compensation the sum of \$50,000 per year in annual installments.

In the event of the death of the Employee after payments under this Paragraph have commenced, the Organization shall pay the beneficiary designated in Exhibit A attached hereto the balance of any amounts which would have been payable to the Employee had he lived in a single lump sum payment within a reasonable period of time after the Employee's death.

D. In the event of the death of the Employee prior to his retirement from active employment, the Organization shall pay the beneficiary designed in Exhibit A an amount equal to the balance in the account in a single lump sum payment within a reasonable period of time after the Employee's death together with 50% of the total of any death benefits due Organization from policies purchased as a part of this compensation agreement.

E. In the event Employee continues to serve in an executive capacity after the retirement date, then for each additional year of service during which Employee performs his duties satisfactorily in accordance with Article I hereof, the organization will pay to Employee, as additional deferred compensation, the sum of \$50,000 for each year so served in accordance with the other provisions as contained in this Deferred Compensation Agreement.

ARTICLE 3

Account Investments.

A. The Organization shall have the discretion to invest or not to invest all or any portion of the amount in the deferred compensation account established pursuant to Article 2B, provided, however, that nothing contained herein shall be construed as requiring such investment. If the Organization elects to invest all or any portion of such account, it may invest or reinvest the fund at any time and in any way the Organization sees fit or is allowed by law. If the Organization invests the account assets pursuant to this Article, it shall credit to the deferred compensation account from time to time whatever net earnings the amounts so invested have produced. Net earnings for the purposes of this Agreement shall mean gross earnings from the amounts invested less all expenses and taxes attributable to the making, carrying and liquidation of such investments. The Organization alone shall determine the amount of net earnings that shall be credited to the deferred compensation account and such determination shall be final.

B. The Organization may also invest the assets of the deferred compensation account in one or more life annuity policy issued on the life of the Employee. If the Organization elects to invest all or any portion of the account in any life insurance or annuity policy issued on the life of the Employee, then the Employee agrees to assist the Organization in making application for any such policy by submitting to any

required physical examination and supplying any information necessary for completion of such application. If the Organization elects to invest all or any portion of the account in any life insurance or annuity policy paying a death benefit to the Organization upon the Employee's death, then the amount of any such proceeds shall be shares equally with Employee's beneficiary as designed in Exhibit A.

C. Any provision in this Agreement to the contrary notwithstanding, all amounts credited to the deferred compensation account, if any, and all earnings thereon, if any, shall remain an asset of the Organization and subject to the claims of the creditors of the Organization. Nothing in this Agreement shall be construed so as to confer upon the Employee any interest in amounts credited to the deferred compensation account or the earnings thereon. At all times, the Employee's status with regard to amounts owed by the Organization pursuant to the terms of this Agreement shall be no greater than that of an unsecured general creditor of the Organization.

ARTICLE 4

Beneficiary Designation. The Employee has designated a beneficiary as set forth in Exhibit A appended hereto, for the purposes of Articles 2 and 3. He shall retain the right to amend this designation at any time by delivering to the Organization at its business address a written notice of such change including a newly executed Exhibit A to the appended to this Agreement.

ARTICLE 5

Disability.

A. If the Employee becomes totally or permanently disabled prior to his retirement, and prior to the severance of his employment with the Organization, and his disability continues for more than six months, the Organization shall have the right upon giving written notice by registered mail sent to the Employee's last known address, to retire the Employee early as of the date specified in such notice, but no sooner than thirty days after the date when the notice is sent.

B. Upon an early retirement under the terms of Paragraph A of this Article, the Employee shall be entitled to have any deferred compensation to which he may be entitled under the terms of Article 2(C) of this Agreement be paid immediately.

C. For the purpose of this Article a determination by the managing body of the Organization that the Employee is totally and permanently disabled and that such disability has continued for a period of more than six months shall be presumed conclusive.

D. If there is any dispute between the parties as to the Employee's physical or mental disability at any time for the purposes of this Article, or for the purposes of Paragraph A of Article 7, the question shall be settled by the opinion of an impartial, reputable physician agreed upon for the purpose by the parties or their representatives, or, if the parties cannot agree within ten days after a written request of the designation of a physician is made by either party to the other, then by a physician designated by the then President of the local AMA Chapter. The certificate of the physician as to the matter in dispute shall be final and binding on the parties.

ARTICLE 6

Severance of Employment. If the Employee severs his employment with the Organization voluntarily prior to retirement, or if the Organization discharges the Employee for any reason prior to his date of retirement, this Agreement shall provide no further benefit to the Employee, his beneficiary, estate or heirs, it being agreed and understood that all benefits under this Agreement are and continue to be subject to a substantial risk of forfeiture based on the performance of services by the Employee until benefits payable hereunder are actually paid to the Employee or, in the event of his death, to his beneficiary.

ARTICLE 7

Right to Discharge. Nothing contained in this Agreement shall be construed to be a contract of employment for any term of years and the Organization reserves the right to discharge the Employee from active employment with or without cause.

ARTICLE 8

Assignment. Neither the Employee, his spouse, his heirs, nor the beneficiary designated in Exhibit A shall have any right to commute, sell, transfer, assign or otherwise convey the right to receive any payments under the terms of this Agreement.

ARTICLE 9

Right to Other Benefits. Nothing contained in this Agreement shall in any way affect or interfere with the right of the Employee to share or participate in any retirement plan of the Organization or any bonus or similar plan in which he may be entitled to share or participate as an officer of the Organization.

ARTICLE 10

Liability for Investments. Notwithstanding any other provision of this Agreement, the Organization shall not be liable to the Employee or any designated beneficiary hereunder for any mistakes in judgment in the making or retaining of any investment of the funds in the account so long as the Organization performs its obligations hereunder in good faith.

ARTICLE 11

Benefits and Amendments. This Agreement shall be binding upon the heirs, administrators, executors, and the successors and assigns of the Employee. This Agreement which shall also bind any successors and assigns of the Organization shall not be modified or amended except by a writing signed by both parties.

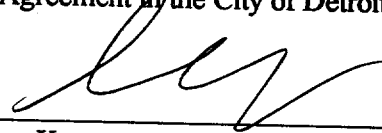
ARTICLE 12

State Law. This Agreement shall be construed under the laws of the State of Minnesota.

ARTICLE 13

Restrictive Covenant (Covenant Not to Compete. While Employee receives annual installments whether after his retirement from active employment or after December 31, 2005, Employee will not, directly or indirectly, enter into, or in any manner take part in any business, profession, or other endeavor as an employee, agent, independent contractor or owner, in Becker County, Minnesota, which, in the opinion of the organization's directors is in competition with organization's business purposes. For the purpose of this determination, the opinion of the Board of Directors of the organization will be conclusive.

IN WITNESS WHEREOF, the parties have executed this Agreement in the City of Detroit Lakes, State of Minnesota.


Arlen Kangas

Attest:


Secretary

Midwest Minnesota Community
Development Corporation

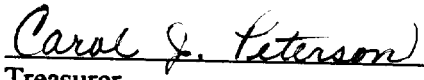

Treasurer

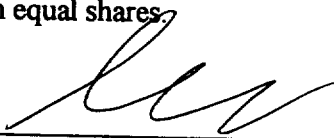
EXHIBIT A
BENEFICIARY DESIGNATION

For deferred compensation under Agreement dated 6/21/02, in case of my death:

Primary: My spouse, Yvonne Kangas, if living;

Secondary: Otherwise, my lawful children who survive me, in equal shares.

Date 6/21/02


Arlen Kangas

Midwest Minnesota
Community Development Corporation
PO Box 623
Detroit Lakes, MN 56501

June 27, 2002

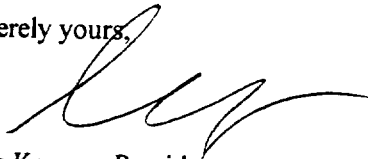
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EIN: 41-0972298
- The employer maintains a top-hat plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.
- The employer maintains one top-hat plan.
- One employee participates in the top-hat plan maintained by the employer.

Please contact us, if you have any questions or need any additional information regarding this top-hat plan.

Sincerely yours,



Arlen Kangas, President

JOHN A. MASOG

ATTORNEY AT LAW

201 South Main
Park Rapids, Minnesota 56470

(218) 732-9771
Fax: (218) 732-9772

June 20, 2002

Steve Johnson
Eide Bailly
P.O. Box 2545
Fargo, ND 58108-2545

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You had indicated you would take care of the filings with the Department of Labor.

Thank you very much for your help throughout this process.

Sincerely,

John A. Masog
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cc: Arlen Kangas
cc: Royce Peterson
cc: Kathy Henry
cc: Terry Stallman

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WHEREAS, the Employee is willing to serve the Organization until retirement provided the Organization will pay compensation for the Employee's services during the period prior to his retirement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, it is agreed between the parties hereto as follows:

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Compensation.

A. The Organization agrees to pay the Employee at a rate that is mutually agreed upon from time to time while he is actively employed and prior to retirement. The rate of compensation payable to the Employee under this Paragraph shall be net of amounts of salary that the Employee has agreed to reduce, if any, before such amounts are earned, and which are part of the deferred compensation provided for in Article 2B.

B. The Organization agrees to establish and maintain a deferred compensation account to which it shall credit sufficient sums to meet a target post-retirement income for Employee of \$50,000 per year for five years (or longer if Paragraph E of this article applies). The account shall be further credited with the net amount, if any, realized from investing any portion of the funds of the account provided that gains on said account accrue to the corporation. Any losses are likewise the risk of the corporation. The obligation of the Organization to maintain a deferred compensation account is merely a contractual

obligation. Neither the Employee, nor any other person claiming any right on his behalf, shall have any interest in the account other than the right to receive the deferred benefits from the account as set forth below. The creation of the account is not intended by the parties to be the creation or establishment of a trust for the Employee.

C. Commencing within thirty days after the later of either the date of the Employee's retirement from active employment or December 31, 2005 (or longer if Paragraph E of this article applies), the Organization shall pay the Employee, as deferred compensation the sum of \$50,000 per year in annual installments.

In the event of the death of the Employee after payments under this Paragraph have commenced, the Organization shall pay the beneficiary designated in Exhibit A attached hereto the balance of any amounts which would have been payable to the Employee had he lived in a single lump sum payment within a reasonable period of time after the Employee's death.

D. In the event of the death of the Employee prior to his retirement from active employment, the Organization shall pay the beneficiary designed in Exhibit A an amount equal to the balance in the account in a single lump sum payment within a reasonable period of time after the Employee's death together with 50% of the total of any death benefits due Organization from policies purchased as a part of this compensation agreement.

E. In the event Employee continues to serve in an executive capacity after the retirement date, then for each additional year of service during which Employee performs his duties satisfactorily in accordance with Article I hereof, the organization will pay to Employee, as additional deferred compensation, the sum of \$50,000 for each year so served in accordance with the other provisions as contained in this Deferred Compensation Agreement.

ARTICLE 3

Account Investments.

A. The Organization shall have the discretion to invest or not to invest all or any portion of the amount in the deferred compensation account established pursuant to Article 2B, provided, however, that nothing contained herein shall be construed as requiring such investment. If the Organization elects to invest all or any portion of such account, it may invest or reinvest the fund at any time and in any way the Organization sees fit or is allowed by law. If the Organization invests the account assets pursuant to this Article, it shall credit to the deferred compensation account from time to time whatever net earnings the amounts so invested have produced. Net earnings for the purposes of this Agreement shall mean gross earnings from the amounts invested less all expenses and taxes attributable to the making, carrying and liquidation of such investments. The Organization alone shall determine the amount of net earnings that shall be credited to the deferred compensation account and such determination shall be final.

B. The Organization may also invest the assets of the deferred compensation account in one or more life annuity policy issued on the life of the Employee. If the Organization elects to invest all or any portion of the account in any life insurance or annuity policy issued on the life of the Employee, then the Employee agrees to assist the Organization in making application for any such policy by submitting to any

required physical examination and supplying any information necessary for completion of such application. If the Organization elects to invest all or any portion of the account in any life insurance or annuity policy paying a death benefit to the Organization upon the Employee's death, then the amount of any such proceeds shall be shares equally with Employee's beneficiary as designed in Exhibit A.

C. Any provision in this Agreement to the contrary notwithstanding, all amounts credited to the deferred compensation account, if any, and all earnings thereon, if any, shall remain an asset of the Organization and subject to the claims of the creditors of the Organization. Nothing in this Agreement shall be construed so as to confer upon the Employee any interest in amounts credited to the deferred compensation account or the earnings thereon. At all times, the Employee's status with regard to amounts owed by the Organization pursuant to the terms of this Agreement shall be no greater than that of an unsecured general creditor of the Organization.

ARTICLE 4

Beneficiary Designation. The Employee has designated a beneficiary as set forth in Exhibit A appended hereto, for the purposes of Articles 2 and 3. He shall retain the right to amend this designation at any time by delivering to the Organization at its business address a written notice of such change including a newly executed Exhibit A to the appended to this Agreement.

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Disability.

A. If the Employee becomes totally or permanently disabled prior to his retirement, and prior to the severance of his employment with the Organization, and his disability continues for more than six months, the Organization shall have the right upon giving written notice by registered mail sent to the Employee's last known address, to retire the Employee early as of the date specified in such notice, but no sooner than thirty days after the date when the notice is sent.

B. Upon an early retirement under the terms of Paragraph A of this Article, the Employee shall be entitled to have any deferred compensation to which he may be entitled under the terms of Article 2(C) of this Agreement be paid immediately.

C. For the purpose of this Article a determination by the managing body of the Organization that the Employee is totally and permanently disabled and that such disability has continued for a period of more than six months shall be presumed conclusive.

D. If there is any dispute between the parties as to the Employee's physical or mental disability at any time for the purposes of this Article, or for the purposes of Paragraph A of Article 7, the question shall be settled by the opinion of an impartial, reputable physician agreed upon for the purpose by the parties or their representatives, or, if the parties cannot agree within ten days after a written request of the designation of a physician is made by either party to the other, then by a physician designated by the then President of the local AMA Chapter. The certificate of the physician as to the matter in dispute shall be final and binding on the parties.

ARTICLE 6

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Right to Discharge. Nothing contained in this Agreement shall be construed to be a contract of employment for any term of years and the Organization reserves the right to discharge the Employee from active employment with or without cause.

ARTICLE 8

Assignment. Neither the Employee, his spouse, his heirs, nor the beneficiary designated in Exhibit A shall have any right to commute, sell, transfer, assign or otherwise convey the right to receive any payments under the terms of this Agreement.

ARTICLE 9

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ARTICLE 10

Liability for Investments. Notwithstanding any other provision of this Agreement, the Organization shall not be liable to the Employee or any designated beneficiary hereunder for any mistakes in judgment in the making or retaining of any investment of the funds in the account so long as the Organization performs its obligations hereunder in good faith.

ARTICLE 11

Benefits and Amendments. This Agreement shall be binding upon the heirs, administrators, executors, and the successors and assigns of the Employee. This Agreement which shall also bind any successors and assigns of the Organization shall not be modified or amended except by a writing signed by both parties.

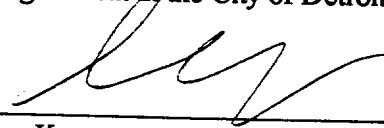
ARTICLE 12

State Law. This Agreement shall be construed under the laws of the State of Minnesota.

ARTICLE 13

Restrictive Covenant (Covenant Not to Compete. While Employee receives annual installments whether after his retirement from active employment or after December 31, 2005, Employee will not, directly or indirectly, enter into, or in any manner take part in any business, profession, or other endeavor as an employee, agent, independent contractor or owner, in Becker County, Minnesota, which, in the opinion of the organization's directors is in competition with organization's business purposes. For the purpose of this determination, the opinion of the Board of Directors of the organization will be conclusive.

IN WITNESS WHEREOF, the parties have executed this Agreement in the City of Detroit Lakes, State of Minnesota.


Arlen Kangas

Attest:


Secretary

Midwest Minnesota Community
Development Corporation

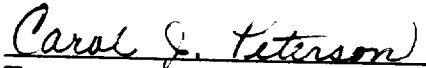

Treasurer

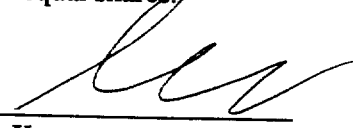
EXHIBIT A
BENEFICIARY DESIGNATION

For deferred compensation under Agreement dated 6/21/02, in case of my death:

Primary: My spouse, Yvonne Kangas, if living;

Secondary: Otherwise, my lawful children who survive me, in equal shares.

Date 6/21/02


Arlen Kangas

Midwest Minnesota Community
Development Corporation
PO Box 623
Detroit Lakes, MN 56501



U.S. POSTAGE
00.80

H METER 569773

Top Hat Plan Exemption, PWBA
Room N-5644, U.S. Department of Labor
200 Constitution Ave NW
Washington, DC 20210