

WINLAND ELECTRONICS INC
Form 10KSB/A
April 16, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB/A-1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF

THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended **December 31, 2001**

Commission File No.: **0-18393**

WINLAND ELECTRONICS, INC.

(Name of small business issuer in its charter)

Minnesota

(State or other jurisdiction of
incorporation or organization)

41-0992135

(IRS Employer
Identification Number)

1950 Excel Drive, Mankato, Minnesota 56001

(Address of principal executive offices)

(507) 625-7231

(Issuer's telephone number)

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Securities registered pursuant to Section 12(b) of the Act: Common Stock, \$.01 par value per share

Securities registered pursuant to Section 12(g) of the Act: None

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☒

Issuer's revenues for fiscal year ended December 31, 2001: \$ 15,394,754.

The aggregate market value of the Common Stock held by non-affiliates as of March 22, 2002 was approximately \$2,224,194 based on the closing sale price of the Issuer's Common Stock on such date.

There were 2,959,842 shares of Common Stock, \$.01 par value, outstanding as of March 22, 2002.

Transitional Small Business Disclosure Format (check one) Yes ☐ No ☒

This Form 10-KA-1 is being filed in order to include information required by Part III, Items 9-12, originally intended to be incorporated by reference to the information to be included in the Company's Proxy Statement for the 2002 Annual Meeting of Shareholders.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Directors

The names of the directors of the Company and other information with respect to the directors are set forth below:

| Name and Age of Director/Nominee | Age | Current Position with the Company | Director Since |
|----------------------------------|-----|---|----------------|
| Lorin E Krueger | 46 | President, Chief Executive Officer, Secretary and Director | 1978 |
| S. Robert Dessalet | 70 | Director | 1985 |
| Thomas J. de Petra | 55 | Director | 1994 |
| R. Terren Dunlap | 57 | Director | 2001 |
| James L. Reissner | 62 | Director | 2001 |

Lorin E. Krueger has served as Chief Executive Officer of the Company since June 1, 2001, and as President of the Company since January 1999. In addition, Mr. Krueger has served as Secretary of the Company since 1983. Mr. Krueger served as the Company's Chief Operating Officer from January 1999 until June 2001 and as its Senior Vice President of Operations from March 1987 until January 1999. Mr. Krueger has been an employee of the Company since 1976 and served as its Vice President from January 1977 to March 1987.

S. Robert Dessalet, CPA, has served as Chairman of the Company's Board of Directors since June 1, 2001. Mr. Dessalet has been a self-employed business consultant since August 2000. He served as Director of Marketing of RJ Morse Enterprises, Inc., a precision machining company, from November 1999 to July 2000. Mr. Dessalet was self-employed as a management consultant January 1997 to November 1999. From September 1996 to January 1997, he served as Vice President-Finance and Administration of Rimage Corporation, a manufacturer of computer software duplication and finishing systems after the merger of Rimage Corporation and Dunhill Software Services, Inc. He served as Vice President-Finance and Administration of Dunhill Software Services, Inc., a software duplication company, from May 1994 to September 1995. Mr. Dessalet was a consultant for Dessalet & Associates, a business consulting firm, from January 1993 to May 1994. He was employed by National Poly Products, Inc., a producer of polyethylene packaging film in Mankato, Minnesota, from June 1968 to January 1993 in various capacities including Chief Financial Officer.

Thomas J. de Petra has been self-employed as a management consultant since June 1999. From August 1998 to June 1999, he served as Chief Operating Officer of International Concept Development, Inc., a restaurant and hotel developer. From October 1997 to August 1998,

Mr. de Petra

served as Chief Operating Officer of Illuminated Media Inc., an advertising company. From February 1996 to June 1997, Mr. de Petra served as Chief Executive Officer of Nortech Forest Technologies, Inc., continuing to provide services as a consultant until October 1997. Mr. de Petra was a management consultant from June 1993 to February 1996, and he was Chief Information Officer of IDC Holdings, Ltd. from June 1993 to November 1994. Mr. de Petra was President and owner of de Petra & Associates, Inc., a financial communications firm, formerly known as First Financial Investor Relations, Inc., from August 1986 to October 1993.

R. Terren Dunlap has served as Chief Executive Officer of Ultra-Scan Corporation, an Amherst, New York company that develops and licenses ultrasonic biometric fingerprint systems, since February 2002. Mr. Dunlap also has served as Chairman of the Board of Duraswitch Industries, Inc. (Nasdaq:DSWT) from May 1997 when he formed Duraswitch, which engineers, markets and licenses its patented electronic switch technology to switch manufacturers and OEMs worldwide. Mr. Dunlap also served as Chief Executive Officer of Duraswitch from May 1997 to February 2002. From 1983 to 1994, Mr. Dunlap served as Chairman and Chief Executive Officer of Go-Video, Inc., a publicly held manufacturer of consumer electronic video products that he founded, which was recently sold to SonicBlue, Inc. Mr. Dunlap also serves on the Board of Directors for Advantage Marketing Systems, Inc. (AMEX:AMM), a provider of health and beauty products.

James L. Reissner has served as President of Activar, Inc. since January 1996 and as Chief Financial Officer of Activar from 1992 until becoming President. Mr. Reissner acted in various management and financial management capacities during the past twenty years, including Managing Director of the Minnesota Region of First Bank Systems, Inc., until 1990. Since September 10, 2001, Mr. Reissner serves also as Chief Executive Officer of MagStar Technologies, Inc. Mr. Reissner also serves as a director of Rimage Corporation (Nasdaq:RIMG) and Magstar Technologies, Inc. (Nasdaq:MGST), publicly held Minnesota corporations.

Executive Officers

The names and ages of all of the Company's executive officers and the positions held by them are listed below.

| Name | Age | Position |
|---------------------------|-----|--|
| Lorin E. Krueger | 46 | President, Chief Executive Officer, Secretary and Director |
| Jennifer A. Thompson, CPA | 43 | Chief Financial Officer |
| Kirk P. Hankins | 40 | Vice President of Sales EMS Eastern Region |
| Terry E. Treanor | 40 | Vice President of Manufacturing |
| Kimberley E. Kleinow | 34 | Vice President of Procurement and Materials |
| Steven W. Vogel | 45 | Vice President of Engineering |
| Dale A. Nordquist | 47 | Vice President of Sales |

Lorin E. Krueger has served as Chief Executive Officer of the Company since June 1, 2001, and as President of the Company since January 1999. In addition, Mr. Krueger has served as Secretary of the Company since 1983. Mr. Krueger served as the Company's Chief Operating Officer from January 1999 until June 2001 and as its Senior Vice President of Operations from March 1987 until January 1999. Mr. Krueger has been an employee of the Company since 1976 and served as its Vice President from January 1977 to March 1987.

Jennifer A. Thompson, CPA, has served as Chief Financial Officer since June 2001. She joined the Company as Vice President of Financial Operations in August 2000. Ms. Thompson was a principal in Biebl, Ranweiler, Christiansen, Meyer, Thompson & Co. Chtd., a public accounting firm in New Ulm, Minnesota, from October 1996 to August 2000. Ms. Thompson practiced as a certified public accountant in the Mankato area for twenty years.

Kirk P. Hankins has served as Vice President - EMS Eastern Region since January 2002. He served as Vice President of Sales and Marketing of the Company from April 1989 to January 2002. He served as a director of the Company from 1990 until June 2001. Mr. Hankins served as Secretary of Playtronics Corporation, a manufacturer of electronic toys, from October 1985 until March 1990, when Playtronics merged into the Company, and as Vice President of Playtronics from October 1985 until April 1989. From 1984 to 1985, Mr. Hankins was the Marketing Manager of the Company. Kirk P. Hankins is the brother of Kimberley E. Kleinow, Vice President of Procurement and Materials.

Terry E. Treanor joined the Company in July 1994 and was elected as Vice President of Manufacturing on June 28, 1996, prior to which he served in various capacities, including Quality Assurance Manager and Operations Manager. Mr. Treanor was employed by Onan Corp., a power generation company, from January 1985 until July 1994, serving most recently as Supplier Quality Engineer.

Kimberley E. Kleinow joined the Company in October 1991 and was elected as Vice President of Procurement and Materials on December 22, 1997, prior to which she served as Director of Materials from November 1996 to December 1997 and as Purchasing Manager from October 1991 to November 1996. Kimberley Kleinow is the sister of the Company's Vice President of Sales and Marketing, Kirk P. Hankins.

Steven W. Vogel joined the Company in May 1994 and was elected to Vice President of Engineering on September 7, 1998, prior to which he served as Manager of Engineering from April 1996 to September 1998 and as Design Engineer from May 1994 to April 1996. From April 1988 to May 1994, Mr. Vogel served as Design Engineer for Micro-Trak Systems, Inc., a Minnesota-based agricultural electronics company.

Dale A. Nordquist joined the Company in October 2001 as Vice President of Sales. from May 1999 to October 2001, Mr. Nordquist served as Vice President of Sales and Marketing for Quickdraw Conveyor Systems, Inc., which filed for Chapter 7 bankruptcy in January 2001 and was acquired by MagStar Technologies, Inc. in February 2001. From 1981 to May 1999, Mr. Nordquist served as Vice President of Sales and Marketing for HEL, Inc., a Minnesota based designer and manufacturer of ultraminiature electronic devices and high technology products incorporating these devices.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "SEC"). Executive officers, directors and greater than ten-percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received by it, the Company believes that, during fiscal year 2001, all executive officers, directors and greater than ten-percent beneficial owners complied with the applicable filing requirements.

ITEM 10. EXECUTIVE COMPENSATION**Summary Compensation Table**

The following table sets forth certain information regarding compensation paid or accrued during each of the Company's last three fiscal years for each person who served as Chief Executive Officer during fiscal year 2001. No other executive officer's total salary and bonus for fiscal year 2001 exceeded \$100,000.

| Name and Principal Position | Fiscal Year | Annual Compensation | | | Long Term Compensation | All Other Compensation (\$)(1) |
|--|-------------|---------------------|------------|------------|------------------------|--------------------------------|
| | | Salary (\$) | Bonus (\$) | Other (\$) | Options | |
| Lorin E. Krueger(2) | 2001 | 123,600 | | | | 2,387 |
| President, Chief Executive Officer and Secretary | 2000 | 123,600 | 50,000 | | | 3,500 |
| | 1999 | 120,000 | 15,787 | | 10,000 | 3,333 |
| W. Kirk Hankins | 2001 | 72,281 | | 74,019(4) | | 2,387 |
| Former Chief Executive Officer(3) | 2000 | 146,300 | 50,000 | | | 3,500 |
| | 1999 | 142,000 | 15,787 | | 10,000 | 3,333 |

(1) Represents contribution to the Company's 401(k) Plan for executive officer's benefit.

(2) Mr. Krueger succeeded Mr. Hankins as Chief Executive Officer effective June 1, 2001, prior to which he served as President and Chief Operating Officer of the Company.

(3) Mr. Hankins resigned as Chief Executive Officer of the Company as of May 31, 2001.

(4) Represents severance payments made to Mr. Hankins.

Option Grants During 2001 Fiscal Year

The Company did not grant any stock options to the named executive officers in the Summary Compensation Table in fiscal 2001. The Company has not granted any stock appreciation rights.

Option Exercises During 2001 Fiscal Year and Fiscal Year-End Option Values

The following table provides information as to options exercised by the named executive officers in the Summary Compensation Table during fiscal 2001 and the number and value of options at December 31, 2001. The Company does not have any outstanding stock appreciation rights.

| Name | Shares Acquired on Exercise | Value Realized | Number of Unexercised Options at December 31, 2001 Exercisable/Unexercisable | Value of Unexercised In the-Money Options at December 31, 2001 Exercisable/Unexercisable(1) |
|------------------|-----------------------------------|-------------------|---|--|
| Lorin E. Krueger | | | 20,000 exercisable 0 unexercisable | \$0 exercisable \$0 unexercisable |
| W. Kirk Hankins | | | 0 exercisable 0 unexercisable | \$0 exercisable \$0 unexercisable |

(1) Value is calculated on the basis of the difference between the option exercise price and \$1.06, the closing sale price for the Company's Common Stock on December 31, 2001 as quoted by the American Stock Market, multiplied by the number of shares of Common Stock underlying the option.

Compensation to Directors

Prior to June 1, 2001, the outside directors were paid \$500 for attendance at each Board meeting, plus expenses. Beginning on June 1, 2001, the outside directors were paid a retainer of \$1,000 per month, with the Chairman receiving an additional \$2,000 per month. Effective as of January 1, 2002, the outside directors began receiving a retainer of \$700 per month, with the Chairman receiving an additional retainer of \$1,500 per month. The directors also receive \$500 for attendance at each Audit Committee meeting and \$300 for each Compensation Committee or Nomination/Governance Committee meeting. In addition, the Company's 1997 Stock Option Plan provides for automatic option grants to each director who is not an employee of the Company (a Non-Employee Director). Each Non-Employee Director who is elected for the first time as a director is granted a nonqualified option to purchase 5,000 shares of Common Stock. Each Non-Employee Director who is re-elected as a director of the Company or whose term of office continues after a meeting of shareholders at which directors are elected shall, as of the date of such re-election or shareholder meeting, automatically be granted a nonqualified option to purchase 5,000 shares of Common Stock. No director shall receive more than one option pursuant to the formula plan in any one fiscal year. All options granted pursuant to these provisions are granted at a per share exercise price equal to 100% of the fair market value of the Common Stock on the date of grant, and they are immediately exercisable and expire on the earlier of (i) three months after the optionee ceases to be a director (except by death) and (ii) five (5) years after the date of grant. In the event of the death of a Non-Employee Director, any option granted to such Non-Employee Director pursuant to this formula plan may be exercised at any time within six (6) months of the death of such Non-Employee Director or until the date on which the option, by its terms, expires, whichever is earlier.

Employment Agreements and Termination of Employment Arrangements

Effective May 31, 2001, W. Kirk Hankins resigned from his positions as Chief Executive Officer and Chief Financial Officer of the Company and from his positions as a member of the Company's Board of Directors and as Chairman of the Board. The Company and Mr.

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Hankins entered into a Separation Agreement and Release, pursuant to which Mr. Hankins releases the Company from any and all claims arising out of or in connection with his employment with the Company. In consideration of this release, the Company agreed to make severance payments to Mr. Hankins in the

total amount of \$155,609.79, less required deductions and withholding. Mr. Hankins is receiving this amount in installments payable on the Company's regular payroll dates through June 21, 2002.

The Company is a party to an Employment Agreement effective January 1, 1999 with Lorin E. Krueger, the Company's President and Chief Executive Officer, which agreement's initial term expires December 31, 2003, with additional one-year terms thereafter, unless either party gives notice to the other party 60 days prior to the end of such term that such party wishes to terminate the agreement. The agreement provides for an annual base salary in an amount determined by the Compensation Committee, which amount the Compensation Committee has determined to be \$127,308 for 2002, provided that Mr. Krueger shall be entitled to a 3% increase on July 1, 2002 if certain targets are met. Mr. Krueger is entitled to receive an annual bonus consisting of stock options and/or a cash payment at the sole discretion of the Compensation Committee. If Mr. Krueger terminates his employment for good reason during the two years following a change in control of the Company, he is entitled to an amount equal to the salary and bonus paid to him for the two fiscal years preceding such termination, which amount shall be paid in 24 equal monthly installments. Mr. Krueger has agreed that, during the two-year period following the termination of his employment, except following a change of control as hereinbefore described, he will not (i) compete with the Company, (ii) solicit or communicate with the Company's customers or (iii) solicit any of the Company's employees to leave the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides information as of March 22, 2002 concerning the beneficial ownership of the Company's Common Stock by (i) the persons known by the Company to own more than 5% of the Company's outstanding Common Stock, (ii) each director and nominee of the Company, (iii) the named executive officers in the Summary Compensation Table and (iv) all current executive officers and directors as a group. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock owned by them.

| Name (and Address of 5% Owner) or Identity of Group | Number of Shares Beneficially Owned(1) | Percent of Class (1) |
|---|--|----------------------|
| Lorin E. Krueger 1950 Excel Drive Mankato, MN 56001 | 247,354 (2) | 8.3% |
| S. Robert Dessalet | 23,026 (3) | * |
| Thomas J. de Petra | 17,000 (4) | * |
| R. Terren Dunlap | 13,000 (5) | * |
| James L. Reissner | 5,000 (4) | * |
| W. Kirk Hankins 2113 Northridge Drive North Mankato, MN 56003 | 263,837 (6) | 8.9% |
| Dyna Technology, Inc. | 404,800 (7) | 13.7% |

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225 South Cordova Avenue
LeCenter, MN 56057

| | | |
|--|-------------|-------|
| All Current Executive Officers and Directors as a Group (11 Individuals) | 524,570 (8) | 16.9% |
|--|-------------|-------|

* Less than 1% of the outstanding shares of Common Stock.

- (1) Under the rules of the SEC, shares not actually outstanding are deemed to be beneficially owned by an individual if such individual has the right to acquire the shares within 60 days. Pursuant to such SEC Rules, shares deemed beneficially owned by virtue of an individual's right to acquire them are also treated as outstanding when calculating the percent of the class owned by such individual and when determining the percent owned by any group in which the individual is included.
- (2) Includes 800 shares held by Mr. Krueger's spouse and 30,000 shares which may be purchased by Mr. Krueger upon exercise of currently exercisable options.
- (3) Represents 6026 shares owned jointly by Mr. Dessalet and his spouse and 17,000 shares which may be purchased by Mr. Dessalet upon exercise of currently exercisable options.
- (4) Represents shares which may be purchased upon exercise of currently exercisable options.
- (5) Includes 5,000 shares which may be purchased by Mr. Dunlap upon exercise of a currently exercisable option.
- (6) Includes 69,842 shares held by Mr. Hankins's spouse, which shares Mr. Hankins disclaims beneficial ownership of.
- (7) Represents shares held by Dyna Technology, Inc., of which Ralph and Nola Call are the sole shareholders. The voting and dispositive power of the shares is shared by the members of a Shareholders' Protective Committee, which members include Ralph I. Call, Gerald E. Brown, Thompson H. Davis, James J. Kamp and Robert L. Ring. The Company has relied on information provided in an amendment to Schedule 13D filed with the Securities and Exchange Commission on September 24, 2001.
- (8) Includes 14,895 shares held by family members of officers and directors, and 151,000 shares which may be purchased upon exercise of currently exercisable options.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

James Reissner, who became a director of the Company in 2001, is also a director of Rimage Corporation, a customer of the Company. In 2001, Rimage's purchases from the Company totaled \$576,050, and the Company expects Rimage's purchases to be similar in 2002.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8 K

Exhibits

The following Exhibits are included in this report: See Exhibit Index immediately following the signature page of this Form 10 KSB/A-1.

Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the quarter ended December 31, 2001.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

WINLAND ELECTRONICS, INC.

Dated: April 15, 2002

/s/ Lorin E. Krueger
Lorin E. Krueger
President and Chief Executive Officer

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

EXHIBIT INDEX TO FORM 10-KSB/A-1

**For the fiscal year ended
December 31, 2001**

Commission File No. 0-18393

WINLAND ELECTRONICS, INC.

| Exhibit Number | Item |
|---------------------------|---|
| 3.1 | Restated Articles of Incorporation, as amended (Incorporated by reference to Exhibit 3.1 to Form 10-KSB for the fiscal year ended December 31, 1994) |
| 3.2 | Restated Bylaws (Incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K dated March 5, 2001) |
| 4.1 | Specimen of Common Stock certificate (Incorporated by reference to Exhibit 4 to Registration Statement on Form S-4, SEC File No. 33-31246) |
| 10.1 | Winland Electronics, Inc. 1989 Stock Option Plan (Incorporated by reference to Exhibit 10.6 to Registration Statement on Form S-4, SEC File No. 33-31246)** |
| 10.2 | Amendment to Winland Electronics, Inc. 1989 Stock Option Plan (Incorporated by reference to Exhibit 10.4 to Form 10-KSB for the fiscal year ended December 31, 1993)** |
| 10.3 | Form of Incentive Stock Option Agreement for use under the 1989 Stock Option Plan (Incorporated by reference to Exhibit 10.7 to Registration Statement on Form S-4, SEC File No. 33-31246)** |
| 10.4 | Amendment to Winland Electronics, Inc. 1989 Stock Option Plan dated December 22, 1994 (Incorporated by reference to Exhibit 10.4 to Form 10-KSB for the fiscal year ended December 31, 1994)** |
| 10.5 | Form of Nonqualified Stock Option Agreement for use under the 1989 Stock Option Plan (Incorporated by reference to Exhibit 10.8 to Registration Statement on Form S-4, SEC File No. 33-31246)** |

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- 10.6 Promissory Note of the Company in the principal amount of \$500,000 dated October 6, 1994 in favor of The City of Mankato, Minnesota (Incorporated by reference to Exhibit 10.14 to Form 10-KSB for the fiscal year ended December 31, 1994)

- 10.7 Employment Agreement dated January 1, 1999 between the Company and W. Kirk Hankins (Incorporated by reference to Exhibit 10.13 to Form 10-KSB for the fiscal year ended December 31, 1998)**
- 10.8 Employment Agreement dated January 1, 1999 between the Company and Lorin E. Krueger (Incorporated by reference to Exhibit 10.14 to Form 10-KSB for the fiscal year ended December 31, 1998)**
- 10.9 Employment Agreement dated January 1, 1999 between the Company and Kirk P. Hankins (Incorporated by reference to Exhibit 10.15 to Form 10-KSB for the fiscal year ended December 31, 1998)**
- 10.10 Employment Agreement dated January 1, 1999 between the Company and Kimberly E. Kleinow (Incorporated by reference to Exhibit 10.16 to Form 10-KSB for the fiscal year ended December 31, 1998)**
- 10.11 Winland Electronics, Inc. 1997 Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.1 to Form 10-QSB for the quarter ended June 30, 1997)**
- 10.12 Winland Electronics, Inc. 1997 Stock Option Plan (Incorporated by reference to Exhibit 10.2 to Form 10-QSB for the quarter ended June 30, 1997)**
- 10.13 Form of Incentive Stock Option Plan under 1997 Stock Option Plan (Incorporated by reference to Exhibit 10.3 to Form 10-QSB for the quarter ended June 30, 1997)**
- 10.14 Form of Nonqualified Stock Option Plan under 1997 Stock Option Plan (Incorporated by reference to Exhibit 10.4 to Form 10-QSB for the quarter ended June 30, 1997)**
- 10.15 Term Loan and Credit Agreement dated as of July 31, 1998 between the Company and Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South, First amendment dated October 23, 1998 and Second Amendment dated September 29, 1999 (Incorporated by reference to Exhibit 10.16 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.16 Revolving Note dated September 29, 1999 in the principal amount of \$3,500,000 in favor of Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South (Incorporated by reference to Exhibit 10.17 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.17 Term Note dated September 29, 1999 in the principal amount of \$530,052.64 in favor of Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South (Incorporated by reference to Exhibit 10.18 to Form 10-KSB for the fiscal year ended December 31, 1999)

- 10.18 Mortgage in the amount of \$57,725 dated May 7, 1996 between the Company and Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South and Note and Mortgage Modification Agreement dated July 31, 1998 and Mortgage Modification Agreement dated September 29, 1999 (Incorporated by reference to Exhibit 10.19 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.19 Mortgage Loan Agreement dated October 6, 1999 between the Company and the City of Mankato (Incorporated by reference to Exhibit 10.20 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.20 Promissory Note dated October 6, 1999 in the principal amount of \$150,000 in favor of the City of Mankato (Incorporated by reference to Exhibit 10.21 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.21 Agreement for Loan of Minnesota Investment Fund dated October 6, 1999 between the Company and the City of Mankato (Incorporated by reference to Exhibit 10.22 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.22 Agreement for Loan of Small Cities Development Program Funds dated December 14, 1999 between the Company and the City of Mankato (Incorporated by reference to Exhibit 10.23 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.23 Promissory Note dated December 14, 1999 in the principal amount of \$1,321,913.59 in favor of the City of Mankato (Incorporated by reference to Exhibit 10.24 to Form 10-KSB for the fiscal year ended December 31, 1999)
- 10.24 Revolving Note dated September 26, 2000 in the principal amount of \$3,500,000 in favor of Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South (Incorporated by reference to Exhibit 10.25 to Form 10-KSB for the fiscal year ended December 31, 2000)
- 10.25 Third Amendment dated September 26, 2000 to Credit Agreement dated July 31, 1998 between the Company and Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South (Incorporated by reference to Exhibit 10.26 to Form 10-KSB for the fiscal year ended December 31, 2000)
- 10.26 Second Revolving Note dated November 27, 2000 in the principal amount of \$1,000,000 in favor of Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South (Incorporated by reference to Exhibit 10.27 to Form 10-KSB for the fiscal year ended December 31, 2000)

- 10.27 Fourth Amendment dated November 27, 2000 to Credit Agreement dated July 31, 1998 between the Company and Wells Fargo Bank Minnesota, National Association (formerly Norwest Bank Minnesota South (Incorporated by reference to Exhibit 10.28 to Form 10-KSB for the fiscal year ended December 31, 2000)
- 10.28* Fifth Amendment dated October 10, 2001 to Credit Agreement dated July 31, 1998 between the Company and Wells Fargo Bank Minnesota, National Association and Revolving Note dated October 10, 2001 in the principal amount of \$3,500,000
- 10.29* Security Agreement dated December 19, 2001 between the Company and Wells Fargo Bank Minnesota, National Association
- 10.30* Fifth Amendment dated December 28, 2001 to Credit Agreement dated July 31, 1998 between the Company and Wells Fargo Bank Minnesota, National Association
- 10.31* Sixth Amendment dated March 19, 2002 to Credit Agreement dated July 31, 1998 between the Company and Wells Fargo Bank Minnesota, National Association
- 10.32 Amendment dated August 14, 2000 to Employment Agreement dated January 1, 1999 between the Company and W. Kirk Hankins (Incorporated by reference to Exhibit 10.1 to Form 10-QSB for quarter ended March 31, 2001)**
- 10.33 Separation agreement and release dated May 12, 2001 between the Company and W. Kirk Hankins (Incorporated by reference to Exhibit 10.1 to Form 10-QSB for quarter ended June 30, 2001)**
- 23.1* Consent of McGladrey & Pullen, LLP
- 24.1* Power of Attorney for Lorin E. Krueger, Jennifer A. Thompson, S. Robert Dessalet Thomas J. de Petra, R. Terren Dunlap, and James L. Reissner (included on signature page of this Form 10-KSB)

* Previously filed with Form 10-KSB for year ended December 31, 2001.

** Management agreement or compensatory plan or arrangement.