CITY OF HOWARD LAKE
Est. 1878

City Council
Regular Meeting Agenda

Monday, April 20, 2026, 7:00 PM
Howard Lake City Hall - 625 8th Ave.

AGENDA

A. Call to Order

B. Pledge of Allegiance

C. Approval of Agenda
Any additions, deletions, modifications to the agenda will be done at this time.

D. Citizen Input

E. Consent Agenda

a. Consider approving Minutes from the March 16, 2026 Meeting.
b. Consider Various Personnel Appointments.
c. Consider Approval of Service Contract for Hauling for Compost.
d. Consider Downtown Revitalization Grant for The Coffee Shop.
e. Consider Accepting all Reports & Payment of Claims.

F. Presentations, Public Hearings & Related Approvals

a. Total Lake Treatment, Howard Lake Watershed Alliance Curt Forst.
b. Water Treatment Plant Project Update, Bolton & Menk PE Jennifer Selchow.
c. Public Hearing on Adoption of TIF Plan for TIF District 1-26 Bayview Flats.

G. New Business

a. Consider Various Approvals Related to Bayview Flats Apartment Project.

- Resolution 26-05 adopting TIF District 1-26 and authorizing execution of TIF Agreement.
- Purchase Agreement for Sale of Real Estate.
- Subordinate Mortgage Related to WHDP Funds.
- Subordinate Promissory Note Related to WHDP Funds.
- Subordinate Loan Agreement related to WHDP Funds.

b. Consider HLFD Purchase and Installation of Generator for Fire Hall.

H. Old Business

I. Administrator's Report

J. Department Reports

K. Council/Committee Report

L. Adjourn

The City Council will adjourn to a Workshop following the regular meeting.

CITY COUNCIL

MEETING MINUTES

CITY OF
HOWARD LAKE
Est. 1878

MARCH 16, 2026

Call to Order

Pledge of Allegiance

Approval of Agenda

Citizen Input

Consent Agenda

Mayor Zimmerman reviewed the items on the consent agenda.

Council Member Deiter moved to moved to approve the consent agenda. The motion was seconded by Council Member Gilbert and Passed unanimously.

a. **Consider Accepting all Reports & Payment of Claims.**

b. **Consider Approving Council Minutes from the February 17, 2026 Meeting.**

c. **Consider Approving Dates and Fees for the 2026 Spring Clean Up Event.**

Presentations, Public Hearings & Related Approvals

a. **Set Public Hearing for Local Board of Appeal and Equalization Meeting on April 20, 2026 at 6 pm.**

Council Member Kutz moved to moved to approve the LBAE meeting for April 20, 2026 at 6pm . The motion was seconded by Council Member Deiter and Passed unanimously.

New Business

a. **Consider Various Approvals Related to the Howard Lake Farmers Market.**

Hiedi Joy and Shawna, the Farmers Market Coordinators, addressed the Council and shared their plans for this year's Farmers Market.

Council Member Deiter moved to approve requests from the Howard Lake Farmers Market to use Central Park for the season. The motion was seconded by Council Member Kutz and Passed unanimously.

b. **Consider Resolution 26-03 Regarding the Administration of the Minnesota Wetland Conservation Act.**

Haggenmiller reviewed the staff report, highlighting the reason behind the need for the resolution.

Council Member Kutz moved to Approve Resolution 26-03 Regarding the Administration of the Minnesota Wetland Conservation Act. The motion was seconded by Council Member Gilbert and unanimously.

c. **Consider Resolution 26-04 Support for FY 2027 Congressionally Directed Spending Request Howard Lake Water Treatment Plant**

Haggenmiller reviewed the staff report, stating passing this Resolution puts Howard Lake in the running for federal funds for a future water treatment plant.

Council Member Deiter moved to Approve Resolution 26-04 Support for FY 2027 Congressionally Directed Spending Request Howard Lake Water Treatment Plant. The motion was seconded by Council Member Gilbert and Passed unanimously.

d. **Consider Acceptance of Grant and Approval of Quote Related to City Hall Accessibility Project**

Haggenmiller reviewed the staff report and the need for automatic door openers.

Council Member Kutz moved to Approve acceptance of grant and approve of quote related to City Hall accessibility project. . The motion was seconded by Council Member Deiter and unanimously.

e. **Consider Approval of Collective Bargaining Agreement for IOUE 49ers**

Haggenmiller reviewed the staff report related to the changes in the new tentative IOUE 49ers Agreement.

Council Member Kutz moved to Approve Collective Bargaining Agreement for IOUE 49ers. The motion was seconded by Council Member Gilbert and Passed unanimously.

Old Business

Administrator's Report

Haggenmiller announced that a water treatment plant maintenance project will take place March 23-26. Residents may notice cloudy water during this time, it is safe to drink and use.

Department Reports

a. **Howard Lake Wine and Spirits Financials**

Council reviewed and discussed with staff.

Receive and file.

Council/Committee Report

Council Member Deiter shared that there was an annual fire board meeting held and that he and Council Member Kutz attended. He reviewed several key points of the meeting.

Adjourn

Council Member Kutz moved to Adjourn meeting at 7:49 pm. The motion was seconded by Council Member Gilbert and unanimously.

Attest - City Administrator/Clerk	Mayor

HOWARD LAKE CITY COUNCIL MEETING

April 20, 2026

AGENDA ITEM: Consider Various Personnel Appointments

SECTION: **New Business**

FROM: City Administrator, Nick Haggenmiller

BACKGROUND: Per statute, the City Administrator appoints and the City Council confirms employment classification as part of the official record. The following individuals are submitted for approval:

Confirm Appointments

Resigned – Deb McAlpine – Liquor Store Assistant Manager

DECISION MAKING METRICS:

FINANCIAL: This position is budgeted as part of the 2026 General Fund Budget.

LEGAL: All personnel appointments are contingent upon successful background check.

STRATEGIC PLAN: Deliver High Quality, Reliable Infrastructure and Public Services

COUNCIL ACTION REQUESTED: Approve appointments as presented.

ATTACHMENTS: N/A

HOWARD LAKE CITY COUNCIL MEETING

April 20, 2026

AGENDA ITEM: **Consider Service Agreement between Wright County/Howard Lake and Sylva Corporation for Hauling Compost.**

SECTION: **Consent**

FROM: **Meagan Theisen, Assistant City Administrator**

BACKGROUND: Recently the City of Howard Lake entered into an agreement with Wright County for griding of compost materials. The County and the Cities participating in the compost site agreement are asked to enter into an agreement for hauling the materials with a specific vendor, Sylva Corporation, with set rates. Entering into this agreement helps keep costs lower for the group and secures set rates. The agreement is for April 2026 through December 2026. Approval is subject to final re-line approvals from other partnering Cities.

COUNCIL ACTION REQUESTED: Approve Service Agreement Between County and Partners, Minesota and Sylva Corporation for compost hauling.

ATTACHMENTS: 1. Agreement

<u>Service Agreement</u>
<u>Between</u>
COUNTY AND PARTNERS, MINNESOTA
And Sylva Corporation

THIS AGREEMENT, made by and between **Wright County of Minnesota and Partners, Minnesota**, hereinafter called the "County and Partners", the **Cities of Albertville, Annandale, Delano, Howard Lake, and St. Michael** hereinafter called the “Partners” and **Sylva Corporation, Inc.**, hereinafter called the "Vendor".

WITNESSETH, that the County and Partners, Partners and the Vendor, for the consideration hereinafter stated, agree as follows:

I. **<u>Scope of Services</u>** - The Vendor covenants and agrees to provide County and Partners and Partners with all labor, equipment, materials, and other items necessary to perform the loading and hauling of Wood Waste, as defined below, from the County and Partners compost facility/yards. Wood Waste is defined as clean, source-separated woody biomass material generated from yard and tree maintenance activities, including tree limbs, branches, trunks, and other natural tree-based wood fiber mechanically processed to a 4” minus size with 15% or less oversize, containing no foreign material and merchantable for Vendor’s purposes in Vendor’s sole discretion. Wood Waste does **not** include dimensional lumber, treated wood, painted or stained wood, pallets, plywood, particle board, oriented strand board, manufactured wood products, construction or demolition debris, garbage, chemicals, jumping worms (Amynthas and Metaphire species) or other foreign material.

a. **Safe Access and Site Conditions; Right to Refuse Unsafe Work -** County and Partners shall provide Vendor with safe, legal, and reasonably suitable access to all loading, staging, and haul locations, including adequate ingress and egress, sufficient turning radius, stable ground conditions, proper clearances, reasonably level loading areas, and freedom from concealed hazards, unsafe traffic conditions, snow and ice accumulations, mud, soft subgrade, overhead obstructions, downed lines, and other dangerous conditions. Vendor shall have the right, in its reasonable judgment, to refuse to enter, load, remain at, or continue work at any site or location that Vendor believes is unsafe, inaccessible, unlawful, or likely to result in injury to persons or damage to equipment. Any such refusal, delay, or suspension by Vendor made in good faith for safety reasons shall not constitute a breach or default by Vendor.

II. **<u>Term</u>** - This agreement shall commence on **<u>04/15/2026</u>** and expire on **<u>12/31/2026.</u>**

III. **Vendor Compensation** - The Vendor agrees to charge, and the County and Partners or the Partners agrees to pay $200 per load with estimated load qualities being between 100 and 130 yards. A 'load' means a trailer/container filled to legal and safe hauling limits as determined by vendor in its reasonable discretion.

IV. **General Considerations** **–**Vendor will perform services in a good and workmanlike manner consistent with industry standards.

V. **Invoicing, Discounts, Taxes** - All invoices and contract-related correspondence shall be sent directed to the jurisdiction in which the service is provided:

1. Wright County
   % Planning and Zoning
   3650 Braddock Avenue NE, Suite1600
   Buffalo, MN 55313
   Email address for invoicing: ___________________________

2. City of Albertville
   5959 Main Avenue
   Albertville, MN 55301
   Email address for invoicing: ___________________________

3. City of Annandale
   30 Cedar Street East
   PO Box K
   Annandale, MN 55302
   Email address for invoicing: ___________________________

4. City of Delano
   234 2nd Street North
   Delano, MN 55328
   Email address for invoicing: ___________________________

5. City of Howard Lake
   625 8th Avenue
   PO Box 736
   Howard Lake, MN 55349
   Email address for invoicing: ___________________________

6. City of St. Michael
   11800 Town Center Drive NE
   St. Michael, MN 55376
   Email address for invoicing: ___________________________

The County and Partners and the Partners agrees to pay the Vendor within 35 days of date of receipt per Minnesota State Statute #471.425 subd 2a. “Date of receipt” means the completed delivery of the goods or services or the satisfactory installation, assembly or specified portion thereof, or the receipt of the invoice for the delivery of goods or services, whichever is later. For purposes of any payment discount provided by Vendor, “days” shall constitute business days. The discount period shall commence on the date the invoice is received by the County and Partners or Partners. The date of the check shall determine if the County and Partners or Partners is entitled to the discount.

Per Minnesota State Statute 471.425 Subd. 4a., the Vendor shall make payment to any authorized Sub-Vendor within ten (10) days of the Vendor’s receipt of payment from the County and Partners or Partners for undisputed services provided by the Sub-Vendor. The Vendor shall pay interest of 1-1/2 percent per month or any part of a month to the Sub-Vendor on any undisputed amount not paid on time to the Sub-Vendor.

Per Minnesota State Statute 297A.70, County and Partners and Partners are exempt from the current State imposed sales tax rate. Each jurisdiction will provide Vendor with a ST3. However, in certain circumstances, a purchase may be taxable, in which case the County and Partners will either notify the vendor to include sales tax or will pay the applicable tax as a use tax to the State.

VI. **Right of Setoff** - If the Vendor is more than 30 days past due on any account due to the County and Partners or Partners, the County and Partners or Partners may apply payments due to the Vendor under this Agreement to the Vendor’s overdue account in lieu of payment directly to the Vendor. The application of payments to the overdue account shall be deemed payments due under this Agreement.

VII. **Conflict Of Interest** - No employee, officer or agent of the County and Partners or the Partners shall participate in the administration of this Agreement if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when one of the following has a financial or other interest in Vendor:

(1) The employee, or an officer or agent of the employee;
(2) Any member of the employee’s immediate family;
(3) The employee’s business Partners; or
(4) An organization which employs, or is about to employ, any of the above.

County and Partner’s and Partner’s officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from Vendors, potential Vendors, Sub-Vendors, or other parties to sub-agreements whereby the intent could reasonably be inferred as influencing the employee in the performance of his or her duties or was intended as a reward for any official act on his or her part.

VIII. **Ownership of Instruments of Service** - All reports, plans, specifications, field data and notes documents and other work product, including all electronic media, prepared by Vendor, as instruments of service for the County and Partners or Partners pursuant to this Agreement shall remain the property of the County and Partners or Partners.

IX. **Independent Contractor** - Vendor is an Independent Contractor. Nothing contained in this Agreement is intended or should be construed as creating the relationship of co- Partners or joint ventures with the County and Partners or Partners. No tenure or any rights or benefits, including workers’ compensation, unemployment insurance, medical care, sick leave, vacation leave, severance pay, or other benefits available to the County and Partners or

Partners employees, shall accrue to Vendor or employees of Vendor performing services under this Agreement.

X. **Legal Compliance** - During the performance of its responsibilities under this Agreement, Vendor agrees to the following: No person shall, on the ground of race, color, religion, age, sex, disability, marital status, public assistance status, affectional preference, familial status, ancestry, creed, or national origin be excluded from full employment rights in, participation in, be denied the benefits of or be otherwise subjected to discrimination under any and all applicable Federal and State laws against discrimination.

Prevailing Wage - The parties acknowledge and agree that the Services to be performed under this Agreement are for loading, transport, and hauling services only and do not constitute construction, public works, or other labor for which prevailing wages are required under Minnesota Statutes sections 177.41 through 177.44. Accordingly, Vendor shall not be required to pay prevailing wages in connection with the Services performed under this Agreement. If a governmental authority with jurisdiction later determines that any portion of the Services is subject to prevailing-wage requirements, then Vendor shall comply with applicable law solely with respect to that portion from and after such determination, and the parties shall equitably adjust the compensation and schedule as necessary.

Data Privacy. For purposes of this Agreement all data created, collected, received, stored, used, maintained, or disseminated by Vendor in the performance of this Agreement is subject to the requirements of the Minnesota Government Data Practices Act, Minn. Stat. Chapter 13 and the Minnesota Rules implementing the Act now in force or hereafter adopted as well as the Federal laws on data privacy. If Vendor is performing a governmental function as defined in Minn. Stat. Section 13.05, Subd. 11 as part of its contract duties, it must comply with those requirements as if it were a governmental entity. The remedies in Minn. Stat. Section 13.08 apply to the Vendor. Vendor does not have a duty to provide access to public data to the public if the public data are available from the County and Partners or Partners, except as required by the terms of this Agreement. All subcontracts shall contain the same or similar data practices compliance requirements.

Business Records. Vendor shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of Vendor’s profession. Vendor shall maintain such records for at least 6 years from the date services or payment were last provided or made or longer if any audit in progress requires a longer retention period. After the retention period, vendor may securely destroy records unless vendor has received written notice of an audit, investigation, or claim requiring preservation. All accounting records shall be kept in accordance with generally accepted accounting practices. County and Partners and Partners shall have the right to audit and review all such documents and records at any time during Vendor’s regular business hours or upon reasonable notice. These records are subject to examination, duplication, transcription and audit by County and Partners and either the Legislative or State Auditor of the State of Minnesota pursuant to Minnesota Statute § 16C.05, subd 5. Such evidences are also subject to review by the Comptroller General of the United States, or a duly authorized representative, if federal funds are used for any work under this Agreement.

XI. **Indemnification** - Vendor agrees to protect, defend, indemnify and hold the County and Partners and Partners, its officers, employees and agents, free and harmless from and against any and all losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character arising out of or relating to any and all claims, liens, demands, obligations, actions, proceedings or causes of action of every kind and character (hereinafter collectively "claims") in connection with or arising directly or indirectly out of the Agreement or the performance hereof by the Vendor or any subcontractor only to the extent caused by Vendor's negligent acts, errors, omissions, or willful misconduct. Without limiting the generality of the foregoing, any and all such claims, relating to personal injury, infringement of any patent, trademark, copyright (or application for any thereof) or of any other tangible or intangible personal or property right, or actual or alleged violation of any applicable statute, ordinance, administrative order, rule or regulation, or decree of any court, shall be included in the indemnity hereunder.

Vendor further agrees to investigate, handle, respond to, provide defense for, and defend any such claims, at its sole expense and agrees to bear all other costs and expenses related thereto, only to the extent caused by Vendor's negligent acts, errors, omissions, or willful misconduct.

Vendor agrees, to the fullest extent permitted by law, to indemnify and hold the County and Partners and Partners harmless from any damage, liability or cost (including reasonable attorneys' fees and costs of defense) to the extent caused by Vendor's negligent acts, errors or omissions in the performance of professional services under this Agreement and those of its Sub-Vendors or anyone for whom Vendor is legally liable.

County and Partners and Partners shall be liable for its own acts to the extent provided by law and hereby agrees to indemnify, hold harmless and defend the Vendor, its officers, employees against any all liability, loss, costs, damages, expenses, claims and actions, including reasonable attorney's fees which the Vendor, its officers and employees, may hereafter sustain, incur or be required to pay, arising out of or by reason of any act or omission of the County and Partners or Partners, its agents, obligations pursuant to this Agreement. It is understood and agreed that the County and Partner's and Partner's liability shall be limited by the provisions of Minnesota Statutes Chapter 466 or other applicable law. In addition, the County and Partners and Partners does not waive its right to claim applicable defenses or immunities to which it may be entitled under state or federal law.

In no event shall Vendor be required to indemnify or defend County and Partners or Partners for County and Partners' or Partners' own negligence or wrongful acts or omissions.

XII. **<u>Insurance</u> -** The Vendor shall purchase, provide and maintain, at its own expense, such insurance as will protect the Vendor from claims set forth below. Proof of such insurance shall be furnished to the County and Partners and Partners prior to the commencement of any work and shall be maintained throughout the life of this Agreement and shall be evidenced by the carrier's certificates, filed with the County and Partners and Partners. The Vendor shall supply the County and Partners and Partners with a list of Sub-Vendors and shall verify and take responsibility for the Sub-Vendor's proof of insurance. Insurance shall be in force the first day of the Agreement. Insurance shall not be canceled, limited in scope of coverage or non-renewed until after Thirty (30) days written notice has been given to:

Wright County Administration
Attn: Risk Management
3650 Braddock Ave NE, Ste 3200
Buffalo, MN 55313

It is agreed that any insurance maintained by the County and Partners or Partners will not contribute with insurance provided by this policy.

The Vendor shall not commence work until the Vendor has obtained required insurance and filed an acceptable certificate of insurance with the County and Partners or Partners. All insurance policies shall be open to inspection by the County and Partners or Partners, and copies of policies shall be submitted to the County and Partners upon written request. The insurance certificate shall note the County and Partners and Partners as the certificate holder and the County and Partners and Partners shall be named as Additional Insured:

COMMERCIAL GENERAL LIABILITY
A single or combined limit occurrence based general liability insurance policy which shall include a broad form comprehensive liability endorsement and a contractual endorsement, which shall include the following coverages at a minimum:

<u>$1,000,000 per occurrence</u>
<u>$2,000,000 aggregate</u>

AUTOMOBILE LIABILITY
A single or combined limit auto liability insurance policy for all owned, non-owned and hired vehicles, if any, using the provision of services under this Agreement, which shall include the following coverages at a minimum:

<u>$1,500,000 per occurrence</u>

UMBRELLA

<u>$1,000,000 each occurrence/aggregate</u>
*(may require higher limit for certain jobs)

WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE
Vendor shall procure and maintain a policy that at least meets Minnesota statutory minimum and is covered for work in Minnesota.

The above subparagraphs establish minimum insurance requirements, and it is the sole responsibility of the Vendor to purchase and maintain additional insurance that may be necessary in connection with this Agreement.

XIII. **<u>Contract Modifications</u> -** Oral change orders will not be permitted. No change in the Agreement shall be made unless an authorized employee or representative of County and Partners give its prior written approval. Vendor shall be liable for all costs resulting from, and/or for satisfactorily correcting, any change not properly ordered by written modification to the Agreement and signed by County and Partners. Within seven (7) calendar days after receipt of the written change order to modify the Agreement, Vendor shall submit to County and Partners a detailed price and schedule proposal for the work to be performed. This proposal shall be subject to negotiations between Vendor and County and Partners. After the proposal is accepted by the County and Partners, detailed modifications shall be executed in writing by both parties. Disagreements that cannot be resolved with negotiations shall be resolved in accordance with the contract disputes clause, herein.

XIV. **<u>Dispute Resolution</u> -** In the event of a dispute between the Vendor and the County and Partners, the parties shall engage in mediation of the dispute. The Vendor and the County and Partners shall select an independent, mutually acceptable third party to mediate the matter. This independent third party shall mediate the dispute, and failing to reach an agreement, shall have exclusive and final jurisdiction to render a decision in a dispute with a monetary value not to exceed $10,000. In a dispute in excess of this amount, the parties may agree to an arbitrator or submit the dispute to a Minnesota State District Court in Wright County (or the county where services are performed, if different), and the parties consent to such jurisdiction. The Vendor and the County and Partners will split the cost of mediation or arbitration, with each party paying half the cost. Each party shall bear its own attorneys' fees and costs, except where a party acts in bad faith or where fees are awarded by statute.

XV. **<u>Waiver Of Terms And Conditions</u> -** The failure of County and Partners or Vendor to enforce one or more of the terms or conditions of the Agreement or to exercise any of its rights or privileges, or the waiver by County and Partners of any breach of such terms or conditions, shall not be construed as thereafter waiving any such terms, conditions, rights, or privileges, and the same shall continue and remain in force and effect as if no waiver had occurred.

XVI. **<u>Assignment Of Contractual Rights</u> -** It is agreed that the Vendor will not assign, transfer, convey or otherwise dispose of the Agreement or its right, title or interest in or to the same, or any part thereof, without previous written consent of County and Partners and any sureties, and subject to such conditions and provisions as the County and Partners may deem necessary. The Vendor shall be responsible for the performance of all Sub-Vendors.

XVII. **<u>Interpretation, Jurisdiction, And Venue</u> -** All contractual agreements shall be subject to, governed by, and construed and interpreted solely according to the laws of the State of Minnesota. The Vendor hereby consents and submits to the jurisdiction of the appropriate courts of Minnesota or of the United States having jurisdiction in Minnesota for adjudication of any suit or cause of action arising under or in connection with the contract documents, or the performance of such Agreement, and agrees that any such suit or cause of action may be brought in any such court.

XVIII. **<u>Severability</u> -** To the extent that this Agreement may be executed and performance of the obligations of the parties may be accomplished within the intent of the Agreement, the terms of this Agreement are severable, and should any term or provision hereof be declared invalid or become inoperative for any reason, such invalidity or failure shall not affect the validity of any other term or provision hereof.

XIX. **<u>Termination</u> -** The Agreement may be terminated by the mutual consent of both parties, or by either party upon 30 days' notice, with or without cause, by notifying the authorized representative.

The County and Partners may terminate this Agreement effective upon delivery of written notice to the Vendor, or at such later date as may be established by the County and Partners, under any of the following conditions:

a. If County and Partners funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the indicated quantity of services. The Agreement may at the County and Partner's option or in the County and Partner's sole discretion be modified to accommodate a reduction in funds.

b. If federal or state regulations or guidelines are modified, changed, or interpreted in such a way that the services are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement.

c. If any license or certificate required by law or regulation to be held by the Vendor to provide the services required by this Agreement is for any reason denied, revoked, or not renewed.

Any such termination of the Agreement shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination.

Time is of the essence in this agreement and failure by the Vendor to perform its obligations in a timely manner may be considered by the County and Partners to be a material breach of this agreement. The County and Partners by written notice of default (including breach of contract) to the Vendor may terminate the whole or any part of this agreement:

a. If the Vendor fails to provide services called for by this Agreement within the time specified herein or any extension thereof; or

b. If the Vendor fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms, and after receipt of written notice from the County and Partners, fails to correct such failures within a period of 10 calendar days or such longer period as the County and Partners may authorize in writing after receipt of notice from the County and Partners specifying such failure. If the County and Partners grants Vendor an extension of time to perform, any such extension of time shall not operate to release any surety from its obligations; or

c. If Vendor admits in writing it is bankrupt, or by a filing by the Vendor of a voluntary petition under the Federal Bankruptcy Act; or the filing of an involuntary petition under the Federal Bankruptcy Act against the Vendor, unless dismissed within ninety (90) days; or

d. If the Vendor makes any arrangement with or for the benefit of Vendor's creditors involving an assignment to a trustee, receiver or similar beneficiary; or

e. If the Vendor makes any material misrepresentations in the documents provided and relied upon by the County and Partners in the making of this agreement; or

f. If a court of competent jurisdiction finds that the Vendor persistently disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction.

In such event, the Vendor shall be entitled to compensation for work performed in compliance with the contract specifications up to the date of termination based upon payment terms of this Agreement. Such payment will not exceed the maximum amount provided for by the terms of this Agreement.

The rights and remedies of the County and Partners provided in this clause related to defaults (including breach of contract) by the Vendor shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

If said Agreement is terminated in whole or in part for default, the County and Partners may procure, upon such terms and in such manner, as the County and Partners may deem appropriate, an Agreement similar to that so terminated. The Vendor shall be liable to the County and Partners for any excess costs for such similar procurement and shall continue the performance of said Agreement to the extent not terminated under the provisions of this clause.

XX. **Force Majeure -** Neither party shall be held responsible for delay or failure to perform caused by fire, flood, epidemic, strikes, riot, acts of God, unusually severe weather, terrorism, war, acts of public authorities other than County and Partners or delays or defaults caused by public carriers which was beyond a party's reasonable control, provided the defaulting party gives notice as soon as possible to the other party of the inability to perform.

XXI. **Confidential Information Exposure -** While performing the Services identified in this agreement, Vendor may be exposed to confidential information of County and Partners. Vendor agrees and will not, during or subsequent to the term of this Agreement, disclose the Confidential Information to any third party or use the Confidential Information for any purpose other than in performance of the services specified in this agreement. Confidential Information means information marked confidential or identified in writing as confidential at the time of disclosure, excluding information that is public through no fault of vendor. It is understood that Confidential Information shall remain the sole property of County and Partners. Vendor further agrees to take all reasonable precautions to prevent any unauthorized disclosure of such Confidential Information and Vendor bears sole responsibility of all employees (if any) and their exposure to Confidential Information. Vendor's liability for any unauthorized disclosure shall be limited to disclosures caused by vendor's negligence or willful misconduct.

XXII. **List of Contract Documents -** The contract documents shall consist of the following:

1. Signed Agreement – Exhibit A
2. Certificate of Insurance

This Agreement together with the contract documents form the entire Agreement between the parties, and all contract documents are as fully a part of this agreement as if attached hereto or herein repeated. The hierarchy of contract documents is listed in order of precedence.

Dated_________________

County and Partners

By_______________________________ Jurisdiction Wright County

By_______________________________ Jurisdiction: City of Albertville

By_______________________________ Jurisdiction: City of Annandale

By_______________________________ Jurisdiction: City of Delano

By_______________________________ Jurisdiction: City of Howard Lake

By_______________________________ Jurisdiction: City of St. Michael

Dated_________________

VENDOR: Sylva Corporation

By_____________________________________

________________________ (Printed Name)

____________________________(Title)

________________________ (Telephone)

__________________________(E-mail)

HOWARD LAKE CITY COUNCIL MEETING

April 20, 2026

AGENDA ITEM: **Consider Downtown Revitalization Grant for "The Coffee Shop"**

SECTION: **Consent**

FROM: **Meagan Theisen, Assistant City Administrator**

BACKGROUND: The City has had an established Downtown Revitalization Grant program since 2016. The program was intended to spur façade improvements coinciding with the renovation of the Historic City Hall. The program has been used by a handful of property owners per year.

The following businesses have submitted applications for review/approval:

- **The Coffee Shop – 817 6th Street- New Entry Doors, Front Windows, Signage, Paint.**

The businesses have submitted applications that are deemed complete and fit the guidelines of the program.

COUNCIL ACTION REQUESTED: Approve the request for $5,000 for a Downtown Revitalization Grant for The Coffee Shop located at 817 6th Street.

ATTACHMENTS: 1. Application

APPLICANT NAME: Alana Paumen
BUSINESS NAME: The Coffee Shop/RP Properties
PROPERTY ADDRESS: 817 6th Street
PROPERTY OWNER: Same. OWNER ADDRESS:
EMAIL: thecoffeeshophowardlake@gmail.com PHONE: 320-248-1645
DATE SUBMITTED: 04/13/26

PROJECT DESCRIPTION (Include details of improvements, scope, design, timeline and cost estimates)

New entry doors $3,000+
Front Windows $1,000+
Front Signage $2,000+
Paint $200

Hoping to be competed by mid May 2026

PROPOSED USE OF FUNDS

AMOUNT REQUESTED 5,000 TOTAL PROJECT ESTIMATE 6200+

CONTRACTOR(S) INFORMATION
NAME
LICENESE NUMBER

SIGNATURES & ACKNOWLEDGEMENTS

PROJECT LEAD PROPERTY OWNER CONTRACTOR

By signing this application, you acknowledge that is full and accurate to the best of your knowledge. That funds obtained under the grant agreement must be approved by the City prior to releasing funds unless otherwise noted. The City reserves the right to reject part or all of applications as deemed appropriate. Finally, the funds received under the program will be used in a manner consistent with the terms presented and failure to do so may result in the applicant not receiving funding or having to pay back grant proceeds. Receiving funding does not negate the need to obtain any other city approvals related to planning, zoning or building permits.

GENERAL SUBMITALS

1. Property Information
2. Project Estimates/Bids
3. Pictures, design sketches etc

CITY OF HOWARD LAKE

CLAIMS & DONATIONS APPROVED

DATE - APRIL 20, 2026

GENERAL FUND	CHECKS: 65659-65798	$483,943.18
PAYROLL	27806-27811, 504880-504964	$108,838.57
ELECTRONIC	2173-2189	$73,130.17
TOTAL		$665,911.92

AMBULANCE CLMS	CHECKS: 6298-6304	$4,397.15
ELECTRONIC		$0.00
TOTAL		$4,397.15

INTERNAL REVENUE SERVICE	03/20/26	$11,858.35	
MN DEPT OF REVENUE	03/20/26	$2,390.14	
PERA	03/20/26	$10,286.72	
LEAP-WEX	03/20/26	$1,262.57	
INTERNAL REVENUE SERVICE	04/15/26	$10,062.27	
MN DEPT OF REVENUE	04/15/26	$2,059.92	
PERA	04/15/26	$9,306.13	
LEAP-WEX	04/15/26	$1,262.57	
INTERNAL REVENUE SERVICE	04/15/26	$10,262.80	
MN DEPT OF REVENUE	04/15/26	$2,117.97	
PERA	04/15/26	$9,667.90	
LEAP-WEX	04/15/26	$1,262.57	
US POSTAL SERVICE	04/15/26	$552.66	March utility bills
NCR SECURE PAY	04/15/26	$122.38	Credit Card Terminal 2/15/26-3/15/26
FINKEN WATER CENTERS, INC	04/15/26	$41.40	Drinkng water at City Hall
CITIZENS ALLIANCE BANK	04/15/26	$30.00	ACH Monthly Fee
INTERNAL REVENUE SERVICE	04/16/26	$583.82	
MONSON, ANIKA	03/20/26	$115.95	
BONNICK, STEVEN	04/03/26	$384.48	
BONNICK, STEVEN	04/17/26	$384.48	
BALDWIN, ALIC	04/17/26	$69.26	
DICKENS, CHRISTENA M	04/17/26	$55.41	
DRUSCH, JACOB D	04/17/26	$138.52	
AMAZON CAPITAL SERVICES	03/18/26	$414.07	Fluorescent Light Bulbs
AR ENGH HEATING & AIR	03/18/26	$3,278.00	Unit Heater Installation
BOLTON & MENK, INC	03/18/26	$6,621.50	Phase 1 Street & Utility Jan 2026
BREAKTHRU BEVERAGE	03/18/26	$2,048.50	Monaco Cocktails
CAPITOL BEVERAGE SALES	03/18/26	$3,750.00	Misc Beer
CORE & MAIN	03/18/26	$167.30	Item 10119647
DAHLHEIMER BEVERAGE GREEN ISLE	03/18/26	$5,116.41	Dillion's and Ole
DRAIN PROS	03/18/26	$285.00	Floor Drain Basement of City Hall
FARM-RITE EQUIPMENT, INC	03/18/26	$281.10	Skid Shoe
HOWARD LAKE AMBULANCE	03/18/26	$28,065.22	LMCIT Claim #482097 Amb Stretcher
JOE'S SPORT SHOP	03/18/26	$1,183.45	Fuel for PW Slip #16736
LEAGUE OF MN CITIES INS TRUST	03/18/26	$0.00	Reissued as Check #65742
MEDIACOM LLC	03/18/26	$297.04	Service at HL City Hall
MENARDS-BUFFALO	03/18/26	$56.22	Bubly Water and Bulbs
MIDWEST MACHINERY CO	03/18/26	$11,439.00	Conterra Broom
NCPERS GROUP LIFE INS	03/18/26	$48.00	
POSEY PATCH FLOWERS	03/18/26	$60.00	6 Valentine's Bouquets sold in HLWS
PRECISION UTILITIES	03/18/26	$6,310.00	Repairs at 625 8th Ave
SOUTHERN GLAZER WINE & SPIRITS	03/18/26	$307.05	Misc Liquors
TIMMYS PUB CLUB, LLC	03/18/26	$60.00	Tap Cleaning at R&R
TK ELEVATOR	03/18/26	$612.62	Maintenance at Historic City Hall
VIKING COCA-COLA	03/18/26	$153.90	Soda for HLWS
VITAL SIGNS	03/18/26	$180.00	Vinyl Logo for new PW Chevy
WRIGHT HENNEPIN ELECTRIC	03/18/26	$2,206.00	STREET LIGHTS

XCEL ENERGY	03/18/26	$6,468.85	Acct #51-6197060-3
CENTERPOINT ENERGY	03/24/26	$4,009.44	615 6th Ave & 741 6th St
COKATO TRANSPORTATION, INC	03/24/26	$90.00	Drug Collection A. Koosman
CORE & MAIN	03/24/26	$293.64	Supplies for Water plant
CR ELECTRIC	03/24/26	$464.00	Repair Light Fixtures in City Hall
EARTHLINK INC	03/24/26	$25.34	Email for fire/ambulance
FASTENAL	03/24/26	$214.43	Streets Supplies
HAWKINS, INC	03/24/26	$20.00	Water Chemicals
HERALD JOURNAL PUBLISHING	03/24/26	$88.20	Water Quality Notice
JOHNSON BROTHERS LIQUOR CO.	03/24/26	$915.07	Delivery Charge
MYRA LAWAY	03/24/26	$118.21	Mileage for SSEC Supplies
MN VALLEY TESTING LAB, INC	03/24/26	$59.00	Water Testing Supplies
PAUMEN COMPUTER SERVICES, LLC	03/24/26	$2,559.87	Scheduled service and PC Set up
PAUSTIS WINE COMPANY	03/24/26	$273.50	Misc Wines
PHILLIPS WINE & SPIRITS	03/24/26	$897.20	Misc Liquors
PLUNKETT'S PEST CONTROL	03/24/26	$164.56	817 7th Street
STREICHER'S	03/24/26	$77.97	Tactical Mic Klip Keeper
USA BLUEBOOK	03/24/26	$809.23	Chemicals for Water Treatment
XCEL ENERGY	03/24/26	$283.33	Service at 817 8th Ave
AMAZON CAPITAL SERVICES	04/02/26	$1,089.27	Milwaukee Grinder
BELLBOY CORPORATION	04/02/26	$465.00	
BOLTON & MENK, INC	04/02/26	$17,780.80	Jan-Feb 26 General Engineering
BURSCH, HEIDI JOY	04/02/26	$35.71	Reimbursement for Farmers Market Ads
C. EMERY NELSON INC	04/02/26	$3,958.50	Gabldsa's Series Blower & Freight
CALIBRATIONS AND CONTROLS, INC	04/02/26	$1,050.00	Calibration Service Advanced Instrument
CAPITOL BEVERAGE SALES	04/02/26	$1,169.30	Credit on close to code items
CARICATURES BY JONNY	04/02/26	$600.00	2026 GND Caricatures Event
CR ELECTRIC	04/02/26	$495.00	Replace Pole at 1209 6th Street
DAHLHEIMER BEVERAGE GREEN ISLE	04/02/26	$6,447.88	Misc Beer
FASTENAL	04/02/26	$73.91	Parts for PW Dept
GREATER MN COMMUNICATIONS	04/02/26	$64.00	"I Got Caught" Stickers
NICK HAGGENMILLER	04/02/26	$365.00	Cell Allowance
IUOE LOCAL 49 FRINGE BENEFIT F	04/02/26	$200.00	May HSA Dues
IUOE LOCAL 49 FRINGE BENEFIT F	04/02/26	$6,700.00	May Insurance Premiums
JOE'S SPORT SHOP	04/02/26	$1,233.58	Slip #16740 Fuel for PW
JOHNSON BROTHERS LIQUOR CO.	04/02/26	$660.41	New Amsterdam Vodka
KOOSMAN, ANDREW	04/02/26	$65.00	Monthly Cell Phone Allowance
MYRA LAWAY	04/02/26	$65.00	Cell Allowance
DEBRA MCALPINE	04/02/26	$93.45	Car Allowance
MEDIACOM LLC	04/02/26	$236.90	Acct #8384923160090330
JARED MERGES	04/02/26	$65.00	Cell Allowance
METRO WEST INSPECTION SER INC	04/02/26	$14,982.51	Finalized Permits March 2026
JIM OTTENSTROER	04/02/26	$65.00	Cell Allowance
PC PYROTECHNICS, INC	04/02/26	$7,000.00	2026 GND Fireworks
PHILLIPS WINE & SPIRITS	04/02/26	$1,251.68	Luksusowa Vodka
CLAYTON PRESTIDGE	04/02/26	$65.00	Cell Allowance
RED BULL DISTRIBUTION CO, INC	04/02/26	$96.70	Red Bull Products

REMER, TANYA	04/02/26	$165.00	Monthly Phone Stipend
ROERS AND SONS WELDING AND REP	04/02/26	$3,500.00	Updated Load Test Invoice Drawings & Engineerin
ERIC STOLL	04/02/26	$65.00	Monthly Phone Stipend
STREICHER'S	04/02/26	$149.99	C. Hakala Uniform Jacket
THEISEN, MEAGAN	04/02/26	$215.00	Cell Allowance
T-MOBILE	04/02/26	$387.53	
ULINE	04/02/26	$3,684.79	Picnic Tables
URDAHL, DEAN	04/02/26	$4,400.00	Stipend for Lobbying
VERIZON	04/02/26	$120.03	
VISA	04/02/26	$1,855.48	Air Hose
WRIGHT COUNTY TAXPAYER SERVICE	04/02/26	$1,268.00	PID 109-010-019020
WRIGHT LUMBER & MILLWORK	04/02/26	$45.98	Lath for Locating
LEAGUE OF MN CITIES INS TRUST	04/09/26	$98,569.00	Was Ck#65670
ABDO LLP	04/09/26	$14,606.17	Feb 2026 Financial Management Services
AMAZON CAPITAL SERVICES	04/09/26	$116.63	Acrylic Suggestion/Donation Box
BBG LAW	04/09/26	$1,717.70	March 2026 Prosecution Services
BELLBOY CORPORATION	04/09/26	$2,296.55	Misc Liquors
BREAKTHRU BEVERAGE	04/09/26	$3,652.77	Monaco Cocktails
BURSCH, HEIDI JOY	04/09/26	$41.80	Farmers Market Advertising
CENTERPOINT ENERGY	04/09/26	$992.08	Acct #5961454-5 625 8th Ave
CENTURYLINK	04/09/26	$677.04	City Hall Elevator
CINTAS	04/09/26	$418.66	HL City Hall
COKATO MOTOR SALES, INC	04/09/26	$86.20	Oil Change on 2024 Tahoe
CORE & MAIN	04/09/26	$648.58	Materials for water dept
DAHLHEIMER BEVERAGE GREEN ISLE	04/09/26	$5,106.89	Credit on Product
FLATOUT TIRE SERVICE LLC	04/09/26	$166.50	Tire Repair
FRONT LINE PLUS FIRE & RESCUE	04/09/26	$1,430.00	Replacement batteries in outdoor sirens
GOPHER STATE ONE-CALL, INC	04/09/26	$25.65	Fax Tickets
JOHNSON BROTHERS LIQUOR CO.	04/09/26	$1,300.86	Misc Liquors
MARCO	04/09/26	$426.72	Copier Agreement
MARCO TECHNOLOGIES LLC	04/09/26	$484.65	City Hall Phone
MUMFORD SANITATION	04/09/26	$12,435.71	COMPOST LEASE
PHILLIPS WINE & SPIRITS	04/09/26	$8,734.71	Misc Liquors
PREMIUM WATERS- WILLMAR	04/09/26	$74.34	Service at HLWS
SOUTHERN GLAZER WINE & SPIRITS	04/09/26	$1,134.63	Misc Liquors
WASTEWATER COMMISSION	04/09/26	$50,879.76	Total City WWTP Discharge
WSB LLC	04/09/26	$3,369.00	Feb 2026 Public Planning
XCEL ENERGY	04/09/26	$283.33	HL Library
ABDO LLP	04/16/26	$395.00	
ARTISAN BEER COMPANY	04/16/26	$812.00	Daizy's Variety Packs
AUTOMATIC SYSTEMS CO	04/16/26	$24,604.00	WTP Panel Upgrades
BRANDEL ELECTRIC, LLC	04/16/26	$6,120.77	Repairs on lines & poles at Memorial Park
CAPITOL BEVERAGE SALES	04/16/26	$5,679.70	Cutwater Cocktails
CROW RIVER WINERY	04/16/26	$512.40	Misc Wines
DAHLHEIMER BEVERAGE GREEN ISLE	04/16/26	$5,083.35	Misc Liquor Products
DIERS, RALPH	04/16/26	$29.25	Overpayment on Utility Bill
GALLUS, JOSEPH	04/16/26	$135.05	Overpayment on Utility Bill

GREYSTONE CONSTRUCTION COMPANY	04/16/26	$4,460.86	Building Materials
HAWKINS, INC	04/16/26	$3,080.39	Water Testing Materials
HOWARD LAKE CEMETERY ASSN	04/16/26	$10,000.00	Annual Cemetary Maintenance Fee
INTL UNION OF OPERATING ENGINE	04/16/26	$140.00	May Dues
IUOE LOCAL 49 FRINGE BENEFIT F	04/16/26	$64.00	
JOHNSON BROTHERS LIQUOR CO.	04/16/26	$2,830.47	Black Box Wines
KWIK TRIP INC.	04/16/26	$307.86	Fuel for PD
MADDEN GALANTER HANSEN	04/16/26	$250.60	Legal Services March 2026
MAGNEY CONSTRUCTION	04/16/26	$11,900.00	Filter Media Installation at Treatment Plant
MEDIACOM LLC	04/16/26	$294.90	Service at HL City Hall
MIDWEST MACHINERY CO	04/16/26	$175.30	Filters and Oil
MN VALLEY TESTING LAB, INC	04/16/26	$59.00	Water Testing
NAPA AUTO PARTS COKATO	04/16/26	$112.93	Materials for 2015 Chev Silverado
NELSON ELECTRIC MOTOR REPAIR	04/16/26	$150.00	Motor Bearing Repairs
PHILLIPS WINE & SPIRITS	04/16/26	$754.60	Misc Liquors
PRECISION UTILITIES	04/16/26	$11,778.00	Repairs at 1010 2nd Ave
ROERS AND SONS WELDING AND REP	04/16/26	$400.00	Custom Tool Tray
SOUTHERN GLAZER WINE & SPIRITS	04/16/26	$1,845.36	Misc Liquors
VICTOR TOWNSHIP	04/16/26	$1,500.00	2025 70th Street Maintenance
VINOCOPIA, INC	04/16/26	$92.50	EruptCinn Cinnamon Rum
WILLIAMSON, LYNETTE	04/16/26	$250.00	SSEC Damage Deposit Reimbursement
XCEL ENERGY	04/16/26	$7,445.34	Acct 51-6197060-3
CARGILL, ZACHARY C	03/20/26	$330.16	
HAGGENMILLER, NICHOLAS A	03/20/26	$4,652.28	
HAKALA, CURTIS L	03/20/26	$604.71	
KOOSMAN, ANDREW	03/20/26	$1,628.67	
MERGES, JARED M	03/20/26	$3,473.07	
REMER, TANYA M	03/20/26	$1,919.80	
THEISEN, MEAGAN	03/20/26	$2,670.32	
ZANDER, SHARI	03/20/26	$705.11	
OTTENSTROER, JAMES D	03/20/26	$2,879.18	
PRESTIDGE, CLAYTON P	03/20/26	$2,571.90	
DAHL, LORI	03/20/26	$173.33	
GROW, SAMANTHA L.	03/20/26	$82.10	
HORSTMANN, REBECCA A	03/20/26	$209.86	
JENSEN, LUCAS	03/20/26	$239.11	
KOOSMAN, HOPE A	03/20/26	$151.00	
LAWAY, MYRA	03/20/26	$2,660.85	
MCALPINE, DEBRA-ANN	03/20/26	$1,380.33	
MILLER, EDWARD M	03/20/26	$177.20	
SOTHAN, LAURIN B	03/20/26	$256.59	
VIRNALA, TASIA, R	03/20/26	$340.81	
CHAFFINS, GORDON	03/20/26	$113.59	
HARTNECK, SEAN M.	03/20/26	$592.64	
JOHNSON, JACOB D	03/20/26	$2,366.11	
PREUSSE, MITCHELL D	03/20/26	$352.56	
SZCZEPANIK, DARIUSZ J	03/20/26	$2,837.17	

THOMPSON, DAVID G	03/20/26	$3,205.96
THOMPSON, KYLE	03/20/26	$654.17
HAGGENMILLER, NICHOLAS A	04/03/26	$4,652.28
HAKALA, CURTIS L	04/03/26	$1,265.88
HALL, JUSTIN D	04/03/26	$172.80
KOOSMAN, ANDREW	04/03/26	$1,812.65
MERGES, JARED M	04/03/26	$2,499.39
REMER, TANYA M	04/03/26	$1,964.17
THEISEN, MEAGAN	04/03/26	$2,670.32
ZANDER, SHARI	04/03/26	$48.39
OTTENSTROER, JAMES D	04/03/26	$1,902.81
PRESTIDGE, CLAYTON P	04/03/26	$1,637.17
DAHL, LORI	04/03/26	$173.33
GROW, SAMANTHA L.	04/03/26	$51.31
HORSTMANN, REBECCA A	04/03/26	$203.53
JENSEN, LUCAS	04/03/26	$88.96
KOOSMAN, HOPE A	04/03/26	$17.69
LAWAY, MYRA	04/03/26	$2,585.60
MCALPINE, DEBRA-ANN	04/03/26	$1,380.33
MILLER, EDWARD M	04/03/26	$166.94
SOTHAN, LAURIN B	04/03/26	$321.59
VIRNALA, TASIA, R	04/03/26	$409.09
JOHNSON, JACOB D	04/03/26	$2,366.11
PREUSSE, MITCHELL D	04/03/26	$679.34
SZCZEPANIK, DARIUSZ J	04/03/26	$2,837.17
THOMPSON, DAVID G	04/03/26	$3,205.96
HAGGENMILLER, NICHOLAS A	04/17/26	$4,652.28
HAKALA, CURTIS L	04/17/26	$580.03
KOOSMAN, ANDREW	04/17/26	$1,552.81
MERGES, JARED M	04/17/26	$2,617.23
REMER, TANYA M	04/17/26	$1,919.80
THEISEN, MEAGAN	04/17/26	$2,670.32
ZANDER, SHARI	04/17/26	$436.00
OTTENSTROER, JAMES D	04/17/26	$1,783.44
PRESTIDGE, CLAYTON P	04/17/26	$1,876.11
DAHL, LORI	04/17/26	$144.22
HORSTMANN, REBECCA A	04/17/26	$206.21
JENSEN, LUCAS	04/17/26	$270.28
LAWAY, MYRA	04/17/26	$2,585.60
MCALPINE, DEBRA-ANN	04/17/26	$1,380.33
MILLER, EDWARD M	04/17/26	$180.60
SOTHAN, LAURIN B	04/17/26	$352.38
VIRNALA, TASIA, R	04/17/26	$265.71
HARTNECK, SEAN M.	04/17/26	$592.64
JOHNSON, JACOB D	04/17/26	$2,366.11
PREUSSE, MITCHELL D	04/17/26	$1,683.95
SZCZEPANIK, DARIUSZ J	04/17/26	$2,837.17

THOMPSON, DAVID G	04/17/26	$3,205.96
BRAVINDER, SETH Z	04/17/26	$27.70
DRUSCH, ZACHARY R.	04/17/26	$332.46
ELMER, DANIEL J	04/17/26	$83.11
KING, ELLIOTT	04/17/26	$401.72
KITTOCK, BRIAN	04/17/26	$83.11
KITTOCK, NICOLE D	04/17/26	$211.64
LOEBERTMANN, AMANDA G	04/17/26	$498.69
LOEBERTMANN, CRAIG	04/17/26	$470.98
MAGES, ALEX	04/17/26	$249.34
SCHUELKE, ANDREW L	04/17/26	$443.28
STOLL, ERIC	04/17/26	$332.46
WIECH, KYLE	04/17/26	$55.41
		$665,911.92

CITY OF HOWARD LAKE	03/18/26	$3,210.00	February 2026 Ambulance Pay
CM2 SUPPLY	03/18/26	$85.84	Medical Supplies
JOE'S SPORT SHOP	03/18/26	$191.69	Fuel for Ambulance
KEAVENY PHARMACY	03/18/26	$180.00	Nasal Spray
RIDGEVIEW MEDICAL CENTER	03/18/26	$400.00	Community Assist A. Hatcher
T-MOBILE	04/02/26	$48.08	
VISA	04/02/26	$281.54	
		$4,397.15	

BOLTON & MENK
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MEMORANDUM

Date: April 20, 2026
To: Nick Haggenmiller and Howard Lake Council Members
625 8th Ave
Howard Lake, MN 55349
From: Josh Halvorson, P.E.
Jennifer Selchow, P.E.
RE: Howard Lake Water Treatment Plant Update
Project No.: 0M2.130734

The need for a new water treatment plant has been well-established through prior discussions. The June 2025 update highlighted significant deficiencies at the existing water treatment plant including aging infrastructure, unsupported control systems, and treatment components operating below design capacity. A few short-term “band-aid” actions have helped stabilize operations including:

1. Adding filter media - $11,900
2. Upgrading critical controls - $24,604
3. Replacing the blower - $3,970

These steps tackle urgent risks but don't fix everything; other concerns will be addressed as they arise.

Building Layout and USDA Approvals
Bolton & Menk and city staff have been in close contact with USDA Rural Development, our primary financer. Our plans and specs are subject to their review and approval. The goal of the water treatment plant is to provide a safe and reliable drinking water supply for the community. Upon review of our 95% plan set, the following issues were identified and subject to removal. We recently agreed these areas meet needs of the city.

1. Laboratory Space – Include dedicated space for required water quality testing and compliance monitoring.
2. Staff Support Areas – Provide office space, a meeting room, and a breakroom to replace the existing public works building that will be demolished.
3. Future Treatment Expansion – Reserve space for future reverse osmosis treatment, which could be required in as early as 15 years. In the interim, this area can be used for plant operations and maintenance activities. This will be 80% funded through a community facilities loan program.

The original cost estimate in the water study was about $15 million and the PER estimated the cost to be $20 million. Following this negotiation, we estimate 17,000 total square feet for the water treatment plant for an estimated all in cost of $25.6 million. To date, the City expensed just under $1Million towards design and engineering of the new WTP. These funds will be paid back upon approval of the project from our financer.

Funding

The City of Howard Lake has pursued every available funding avenue to support the Water Treatment Plant project. The City has secured a funding package through USDA Rural Development that includes both grant funds and low-interest loans. In addition, the city recently submitted a request for FY2027 Community Project Funding through both the House and Senate. If awarded, those funds are anticipated to be allocated and available for city use by Fall 2027. Although the project is expected to begin before those dollars are available, the funding can still be applied after project initiation to help offset eligible project costs and reduce the overall financial burden on the community.

Schedule Update

To maintain project momentum and position the city for a timely award, the following bidding schedule is proposed. This schedule provides the Council with time to revisit the project, discuss the proposed improvements, and review the funding and bidding approach while keeping the project moving forward in a reasonable timeframe. Once RD approval is obtained, the city can proceed with advertising and bidding in accordance with the dates outlined below. Bolton & Menk is willing to attend an open house or workshop as needed to answer questions.

Water Treatment Plant Bid Schedule	
Bidding Process	**Date**
Anticipated USDA Approval	May 1, 2026
Authorize Advertising and Bidding the WTP	May 18, 2026
Advertise and Bid, with RD's Approval	May 19, 2026
Open Bids	June 30, 2026
Council Award Project, with RD's Approval	July 20, 2026
USDA Contract and Interim Financing Approvals	August 25, 2026
Contracts Complete, Commence Construction	September 2026
Finish Construction	November 2028

AGENDA ITEM: Consider Various Approvals Related to Bayview Flats Apartment Project.

SECTION: New Business

FROM: Nick Haggenmiller, City Administrator

BACKGROUND: The City has been working with Community Asset Development Group, LLC (CADG) on a proposed 20-unit workforce housing apartment project located at Lot 1, Block 2, Terning Trails Plat 4. The project is intended to expand housing opportunities and strengthen the City's tax base.

To facilitate the development, a series of coordinated agreements have been prepared, including:

Purchase Agreement
The City will convey the property to the developer for $1.00, with the consideration being the construction of the housing development and associated public benefits. The developer must meet defined construction timelines, including commencement in 2026 and completion in 2027, or the property may revert to the City.

Tax Increment Financing (TIF) Plan and Development Terms
The City is proposing creation of TIF District No. 1-26 to support the project. The TIF assistance is structured as a pay-as-you-go reimbursement of eligible costs from tax increments generated by the development.

Key terms include:

- Up to approximately $292,374 in reimbursable eligible costs
- 90% reimbursement of available increment for the initial period, followed by a reduced percentage thereafter
- Estimated total TIF generation of approximately $600,000 over the life of the district

The district will be established as a housing TIF district, requiring income-restricted units consistent with state statute for the entire 26 year duration of the TIF district. This is critical to the success of the project as the developer has made requests to defer the collection of certain entitlement fees.

Minnesota Housing Finance Agency – Workforce Housing Development Program (WHDP)
The City is a recipient of a forgivable loan from the Workforce Housing Development Program. If the developer complies with the terms of the program, the loan is fully forgiven. However, to ensure compliance and in recognition that it is not 'free monies' aka a deferred loan, various agreements must be established and agreed upon including a loan agreement, promissory note and subordinate mortgage.

Subordinate Loan Agreement (WHDP Funds)
The City will provide a $1,230,000 subordinate loan to the developer using Minnesota Housing Finance Agency Workforce Housing Development Program funds.
Key provisions:

- Funds must be used for eligible project costs
- Loan is subordinate to senior financing
- Includes standard development, reporting, and compliance requirements

4. Subordinate Promissory Note
The loan is evidenced by a $1,230,000 promissory note with:

- No interest
- Lump sum repayment at maturity
- Prepayment allowed without penalty

5. Subordinate Mortgage
The City will secure the loan with a subordinate mortgage on the property, providing a lien position behind senior lenders and ensuring repayment or recapture in the event of default.

Ultimately, we anticipate these funds to be fully expensed by the time certificate of occupancy is obtained for the project. At such time, the City would complete necessary final reporting and the subordinate loan, promissory note and subordinate mortgage would also be satisfied and be dissolved against the property.

FINANCIAL: David Drown Associates outlines the public financing structure and confirms that TIF assistance is necessary to make the project financially feasible. The letter also summarizes developer obligations, including income-restricted units and minimum market value requirements. A 26 year TIF is proposed which includes a 90% developer contribution for years 1-10 and is reduced to 50% for years 11-15. Thereafter, the City is anticipating to retain all increments in order to reimburse for various fees and charges against the project not collected during the entitlement process. The developer has agreed to pay for the building permit and consultant fees at the standard appropriate times – specifically upon application and approval.

LEGAL: Shannon Sweeney with David Drown & Associates oversaw the TIF plan creation with TAFT Law. The City Attorney, Mike Couri drafted the loan agreement, promissory note and subordinate mortgages. These documents have been reviewed in full with the project owner.

COUNCIL ACTION REQUESTED:

1. Approve Resolution 26-05 Approving TIF Plan and TIF Agreement
2. (Motion) Approve Subordinate Loan Agreement
3. (Motion) Approve Subordinate Promissory Agreement
4. (Motion) Approve Subordinate Mortgage

ATTACHMENTS:
1. Shannon Sweeney TIF Memo
2. Resolution 26-05 Approving TIF Plan & TIF Agreement
3. Subordinate Loan Agreement
4. Subordinate Promissory Agreement
5. Subordinate Mortgage
6. 20 Unit Building Concept

DDA
David Drown Associates, Inc.
Public Finance Advisors

Cologne Office:
10555 Orchard Road
Cologne, MN 55322
Phone: (952) 356-2992
shannon@daviddrown.com

April 16, 2026

City of Howard Lake
Attn: Nicholas Haggenmiller, City Administrator
P.O. Box 736
Howard Lake, MN 55349

Re: TIF District 1-26 (Apartment Project)

Honorable Mayor, Council Members, and Administrator Haggenmiller:

The City of Howard Lake has been working with a developer who is interested in constructing workforce rental housing units on land owned by the city and immediately east of The Lodge of Howard Lake assisted living facility. The developer has requested tax increment financing assistance to make the project financially feasible.

Tax Increment Financing or TIF is a tool that captures new property taxes that are generated because of new development that occurs within the boundaries of a designated TIF District. For the proposed project, the city is considering the creation of a housing tax increment district which can capture tax increments for up to 26-years. A housing tax increment district would would impose income restrictions on the rental housing units. The housing unit income restrictions would be applied for the life of the district, and would include the following:

> *At least 20% of the residential units in the project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County median income (adjusted annually).*

For tax increment financing to be available for a project, the city must undertake a process defined by Minnesota Statutes to create a tax increment district. A public hearing is required as part of this process which will be held at the April 20, 2026 meeting. The purpose of the public hearing is to receive public comment regarding the creation of the proposed tax increment district.

Copies of the tax increment plan have been distributed to Wright County and the HLWW School District in advance of the public hearing. Following the public hearing the City Council will be asked to consider a resolution adopting a tax increment plan. The authorization for the execution of a development (TIF) agreement will also be considered at that same meeting.

Terms of the TIF agreement include the following:

The City will agree to the following:

1. The City shall create a Housing TIF District 1-26 for the purpose of providing paygo TIF assistance (reimbursement of taxes collected from the project) to the Developer for a term of fourteen (15) years. First increment is anticipated in 2028. The assistance shall consist of the reimbursement of 90% of the available tax increment for the first 10-years, and 40% of the increment for an additional 5-years after that. Said assistance

shall not exceed $292,374 and be evidenced by paid invoices for “Eligible Expenditures” incurred for the project which include site improvements, on-site paving, landscaping, on-site utilities, footings, foundations.

The duration of the subsidy shall not exceed 15-years of tax increment collection commencing August 1, 2028.

Developer will agree to the following:

1. Start construction of the project by July 1, 2026 and substantially complete construction by August 1, 2027. The project shall be constructed according to plans and specifications that are approved by the City.
2. Make all property tax and public utility payments on time and in full.
3. Enter into an assessment agreement for a minimum market value of $1,850,000 for the life of the TIF District.
4. Agree to lease or make available 20% of the units to families below 50% of area median income. The Developer must certify compliance with this provision annually for the duration of the TIF District or until such time that the City has recouped its land cost and trunk utility fees plus interest.

Enclosed for consideration following the public hearing is a draft of the TIF plan for the proposed TIF District 1-26, a draft of the TIF agreement, and a resolution providing for the adoption of the TIF District and authorization for execution of the TIF agreement.

Please feel free to contact me if I can be of any assistance in answering questions regarding the information provided. Thank you.

Sincerely,

Shannon Sweeney, Associate
David Drown Associates, Inc.

City of Howard Lake, Minnesota

Tax Increment Financing District No. 1-26

(Community Asset Development Group Apartment Project)

To be adopted: April 20, 2026

DDA

David Drown Associates, Inc.
Public Finance Advisors

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TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1-26

Tax Increment Financing Plan for Tax Increment Financing District No. 1-26

Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the City Council of the City of Howard Lake, Minnesota.

“City” means the City of Howard Lake, Minnesota.

“City Council” means the City Council of the City of Howard Lake, Minnesota.

"County" means Wright County, Minnesota.

"County Board” means the County Board of the County.

“Developer” means any person undertaking construction or renovation of taxable property within the Project Area.

“Development District” means the City’s previously established Municipal Development District No. 1, as modified.

“Development Program” means the Development Program for Municipal Development District No. 1, as modified.

"Project Area” means the geographic area of Municipal Development District No. 1.

"School District" means the Independent School District No. 2687 (Howard Lake-Waverly-Winsted District).

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing District No. 1-26.

“TIF Plan” means the tax increment financing plan for the TIF District (this document).

Section 2 Statement of Need and Public Purpose

There is a need for new development within the corporate limits of the City to provide affordable housing opportunities, to improve the tax base, and to improve the general economy of the state.

Section 3 Statutory Authorization

The Authority is empowered under the provisions of the TIF Act to establish a tax increment financing district.

Section 4 Statement of Objectives

See the Development Program for Municipal Development District No. 1.

Section 5 Specific Development Expected to Occur in the TIF District

A private developer is proposing to construct a 20-unit apartment building. The proposed project will assist in meeting the demand for workforce rental housing within the City of Howard Lake.

Section 6 Property to be Included in the TIF District

The TIF District includes one vacant parcel located within the City of Howad Lake. A map showing the location of the TIF District is provided in Exhibit 1 and the present parcel identification number and value is summarized in Exhibit 2. The area encompassed by the TIF District shall also include all street rights-of-way and utility or drainage easements located upon or adjacent to the property described in Exhibits 1 and 2.

Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District which are eligible for reimbursement with tax increments of the TIF District and the projected sources of revenue available to fund these costs are summarized below.

Uses of Funds (Public Costs)		
	Capital Costs:	
	Acquisition	250,000
	Housing Project Costs	600,522
		$850,522
	Finance Costs	
	Bond & Note Interest Payments	$275,000
	Administrative Costs	
	Administrative costs paid with TIF	$35,000
	Total Uses of Funds	**$1,160,522**
Sources of Funds		
	Tax Increments	1,085,522
	Interest Earnings	75,000
	Total Sources of Funds	**$1,160,522**

The Authority reserves the right to adjust the amount of any of the line items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased.

Section 8 Estimated Impact on Other Taxing Jurisdictions

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since only limited development would have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

Section 9 Fiscal and economic implications

M.S. Section 469.175 Subdivision (2b) requires a specific description of the fiscal and economic implications of the proposed TIF District on City-provided services, plus an estimate of the total TIF that will be generated over the life of the TIF District attributable to each taxing jurisdiction.

City Service Costs. The proposed project is anticipated to result in the development of 20 rental housing units. Expected impacts on general government and administration expenses will be very small as the proposed project is anticipated to have little impact on existing services. The City proposes to provide TIF assistance by reimbursing a portion of the tax increments to the Developer. It is likely that the TIF District will not impact City debt levels and will not affect the City's ability to borrow for future projects.

TIF Attribution. The City projects TIF collections will total $1,085,522 over the life of the TIF District. Assuming current tax rates remain unchanged and a 3% annual increase in market value, $590,373 will come from the City share of taxes; $296,043 from the County share, and $199,107 from the School share of tax levy.

Section 10 Property to be acquired in the TIF District

The Authority may reimburse the developers or purchasers for the costs of any or all of the property located within the TIF District, and any such acquisition shall be considered authorized by this TIF Plan. Please see Exhibit 2 for details on the parcel included in this TIF District.

Section 11 Estimated Amount of Bonded Indebtedness

The Authority plans to provide TIF assistance by reimbursing a portion of the tax increments from the TIF District to the Developer. However, should the present development plan not materialize, the Authority reserves the right to issue G.O. TIF bonds of which tax increments will be responsible for the repayment of an amount not to exceed $500,000 in principal and $275,000 in interest (including capitalized). M.S. 475.58 Subd. 1 allows for the issuance of bonds that have a principal amount of up to 5 times the amount to be paid with tax increment.

Interfund Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan, within 60 days of the date money is transferred, advanced or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the source of the loan, the principal amount of the loan, the interest rate, and the maximum term. The interest rate to be charged on internal loans shall be 4% based upon the limit of the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of the date this Plan is approved. Terms may be modified or amended by the entity before the latest decertification of any District from which the advance or loan is to be repaid.

Section 12 Designation of TIF District as a Housing District *(not qualified)*

The Tax Increment District qualifies as a housing district. A housing district is a type of tax increment financing district which consists of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined by federal, state and sometimes local legislation. A housing district may contain and provide assistance to commercial, retail, or other nonresidential uses, as long as the square footage of these uses does not exceed 20% of the total square footage of buildings in the TIF District.

Housing districts are subject to various income limitations. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under Section 143(f) of the Internal Revenue Code. Generally, the initial occupants must have incomes of 100% or less of statewide median income for families of two or less, and 115% of statewide median income for families of three or more. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. This requires that at least 40% of the units are rented to families with incomes at or below 60% of county median income, or 20% of the units rented to families with incomes at or below 50% of county median income, adjusted for family size. These requirements apply for the life of the District. The Authority will assure housing development within the District meets the above criteria. The Authority reserves the right, however, to remove property from the TIF District to accommodate proposed housing development(s) which do not meet these criteria.

Section 13 Original Net Tax Capacity

The County Auditor shall certify the Original Net Tax Capacity of the TIF District, which will be the total Net Tax Capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 1, 2025 for taxes payable in 2026 is estimated to be $152,500. The Original Net Tax Capacity of the TIF District will be approximately $1,906.

Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

1. changes in the tax-exempt status of property;
2. reductions or enlargements of the geographic area of the TIF District;
3. changes due to stipulation agreements or abatements; or
4. changes in classification rates.

Section 14 Original Local Tax Rate

The County Auditor will also certify the Original Tax Capacity Rate of the TIF District. This rate is the sum of all local tax rates that apply to property in the TIF District. This rate must match the same taxes payable year as the Original Net Tax Capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Tax Capacity Rate of the TIF District.
The sum of all local tax rates that apply to property in the TIF District for taxes payable in 2026 is **128.925**% (preliminary). The final Original Local Tax Rate may be higher or lower than this value once the final rates for 2026 are determined.

Taxing Jurisdiction	Payable 2026 Tax Rate (Preliminary)
City of Howard Lake	70.117%
Wright County	35.160%
ISD # 2687	23.648%
Total	**128.925%**

The State property tax on commercial, industrial and certain other property classes is not captured by the TIF District. However, this state tax does not apply to most residential property. Additionally, a portion of the school tax rate attributed to local operating costs is also not captured by the TIF District.

Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor will determine the current Net Tax Capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference is known as the Captured Net Tax Capacity of the TIF District. It is the Authority's intention to retain 100% of the Captured Net Tax Capacity of the TIF District. Such amount shall be known as the Retained Captured Net Tax Capacity of the TIF District.
Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

Section 16 Statutory Duration of the TIF District

Housing districts may remain in existence through the end of the 25th year following receipt of the first tax increment, resulting in 26 TIF collections. The Authority anticipates that the TIF District will receive the first increment payment in 2028. The District is expected to remain in existence the maximum duration allowed by law (projected to be through 2053). Modifications of this plan (see Section 28) shall not extend these duration limits.

Section 17 Use of Tax Increments – Housing Districts

Tax increments derived from a housing district must be used solely to finance the costs of projects defined in Section 12. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the Authority may be included in the cost of a housing project.

Section 18 Use of Tax Increments – General

Each year the county treasurer will deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit 3 shows the projected deduction for this purpose over the anticipated life of the TIF District.
The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 22);
2. pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;

3. accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;
4. pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
5. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both County Boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment cannot be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or Federal government. This prohibition does not apply to the construction or renovation of a parking structure, a common area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the community.
If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less then fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section 19 "Green Acres"

A TIF District may NOT include parcels that qualified as "green acres" in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to qualified manufacturing or distribution facilities directly related to production of tangible personal property and paying at least 90% of its employees wages equal to or greater than 160% of the federal minimum wage, or if the TIF District to be created is a housing district.

Section 20 4-Year Knock-Down Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.
If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the Original Net Tax Capacity of the TIF District.

Section 21 Tax Increment Pooling – 5-year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Revenues derived from tax increments paid by properties in the district are considered to have been spent within the TIF District if such amounts are:

1. actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
2. used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
3. used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably

expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority also elects the option provided by M.S. 469.1763 to increase the amount of expenditures permitted outside the District by up to an additional 10%. However, these expenditures are limited to assisting housing which meets the requirements of a low income housing building defined under section 42(c) of the Internal Revenue Code.

The Authority expects that a portion of tax increments may be used for housing expenses elsewhere within the boundaries of Municipal Development District No. 1.

Section 22 Excess Tax Increment

On December 31st of each year, the Authority must determine the amount of excess increments for the TIF District. Excess increments may only be used to:

1. prepay any outstanding tax increment Bonds;
2. discharge the pledge of tax increments on any outstanding Bonds;
3. pay amounts into an escrow account dedicated to the payment of any outstanding Bonds; or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Allocation of excess increments must be completed by September 31st in the year following the year in which the excess increments were generated

Section 23 Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lessor of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increments actually received.

Section 24 Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the Original Net Tax Capacity of the TIF District by the Net Tax Capacity of each improvement for which a building permit was issued.

Section 25 Development Agreements

If more than 10% of the acreage of a project (which contains an economic development district) is to be acquired by the Authority with proceeds from tax increment bonds then, prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

Section 26 Exempt from Business Subsidy Laws

Minnesota Statutes 116J.991 requires an Authority providing a business with a subsidy worth $25,000 to complete a subsidy approval process. Housing assistance, however, is exempt from the requirements.

Section 27 Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

Section 28 Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the Captured Net Tax Capacity to be retained by the Authority; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and

2. the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the Authority agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section 29 Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority must submit a copy of such plan to the State Auditor's Office and the Department of Revenue. The Authority must also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the Authority must submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority must also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County will distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

3. Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
   a. the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;
   b. the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
   c. if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the Original Net Tax Capacity of the TIF District.

Section 30 Financial Reporting and Disclosure Requirements

The Authority is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than August 1 of each year, the Authority must prepare and publish an annual statement which includes at least the following information:
   a. tax increment received and expended in that year
   b. Original Net Tax Capacity
   c. captured Net Tax Capacity
   d. amount of outstanding bonded indebtedness
   e. increments paid to other government bodies
   f. administrative costs
   g. increments paid directly or indirectly outside of the district
   h. if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

   A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.
2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the Authority's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the Authority and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the authority.

Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

1. The TIF District qualifies as a housing district;

   See Section 12 of this document for the reasons and facts supporting this finding.
2. The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan;

   The project developer has indicated that TIF assistance is necessary to control certain development costs such that a reasonable rental rate can be achieved which will enable the developer to secure private financing. Without tax increment assistance, the developer believes that the project will not be able to achieve final pricing that will enable the developer to be successful.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included as Exhibit 5, indicates that:

a. The increase in estimated market value of the proposed developments is $1,627,500; and

b. The present value of expected tax increments collected over the maximum duration of the TIF District is $576,009; and

c. The expected increased estimated market value of the site without the use of tax increment is $400,000, assuming the land is developed for single-family residential use.

3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

   The reasons and facts supporting this finding are that the housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances, and serves to promote the City's development objectives.

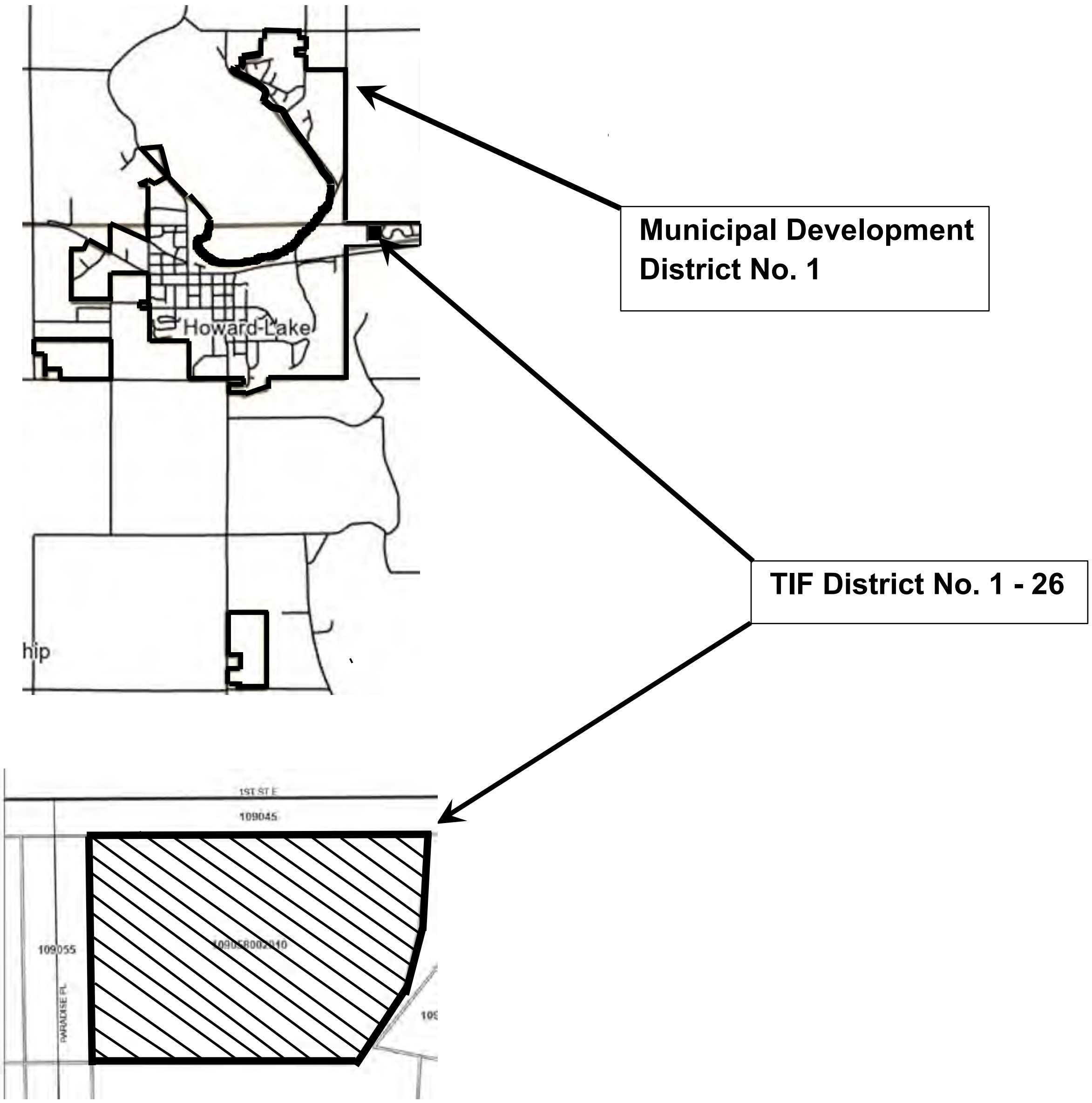
4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

   The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within Municipal Development District No. 1.

Exhibits

City of Howard Lake, Minnesota

Tax Increment Financing District No. 1-26



The boundaries of Municipal Development District No. 1 are coterminous with the City Limits as may be modified from time to time.

Exhibit 1

City of Howard Lake, Minnesota
TIF District No. 1-26

Parcel Summary -- Areas, Values & Conditions

Owner of Record	Parcel I.D.#	Land Value	Building Value	Total Value	Est. Original Tax Cap.
City of Howard Lake	109058002010	152,500	-	152,500	1,906
		-	-	-	-
		152,500	-	152,500	1,906

David Drown Associates, Inc.

Exhibit 2

City of Howard Lake, Minnesota
TIF District No. 1-26

Tax Increment Projections

Valuations & Projected Increases

	Market	Tax Capacity
Original Values:	152,500	1,906
Increased Value: (Apartments & Townhomes)	1,850,000	23,125

Tax Rate Assumptions:

	2026 Tax Rate	-Preliminary
City of Howard Lake	70.117%	
Wright County	35.160%	
School District 2687	23.648%	
Other	0.000%	
	128.925%	

Projected Tax Increment

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate*	Gross Tax Increment	Adjustments: 1.00% Admin. Retainage	Adjustments: 0.36% State Auditor's Deduction	TOTAL NET REVENUES
2026	1,906	1,906	-	-	-	128.93%				
2027	1,906	1,906	-	-	-	128.93%	**-**	-	-	**-**
2028	1,906	23,125	21,219	-	21,219	128.93%	**27,356**	274	98	**26,984**
2029	1,906	23,819	21,913	-	21,913	128.93%	**28,251**	283	102	**27,867**
2030	1,906	24,533	22,627	-	22,627	128.93%	**29,172**	292	105	**28,775**
2031	1,906	25,269	23,363	-	23,363	128.93%	**30,121**	301	108	**29,711**
2032	1,906	26,027	24,121	-	24,121	128.93%	**31,098**	311	112	**30,675**
2033	1,906	26,808	24,902	-	24,902	128.93%	**32,105**	321	116	**31,668**
2034	1,906	27,612	25,706	-	25,706	128.93%	**33,142**	331	119	**32,691**
2035	1,906	28,441	26,535	-	26,535	128.93%	**34,210**	342	123	**33,745**
2036	1,906	29,294	27,388	-	27,388	128.93%	**35,310**	353	127	**34,830**
2037	1,906	30,173	28,267	-	28,267	128.93%	**36,443**	364	131	**35,947**
2038	1,906	31,078	29,172	-	29,172	128.93%	**37,610**	376	135	**37,098**
2039	1,906	32,010	30,104	-	30,104	128.93%	**38,812**	388	140	**38,284**
2040	1,906	32,971	31,064	-	31,064	128.93%	**40,050**	401	144	**39,505**
2041	1,906	33,960	32,054	-	32,054	128.93%	**41,325**	413	149	**40,763**
2042	1,906	34,979	33,072	-	33,072	128.93%	**42,639**	426	153	**42,059**
2043	1,906	36,028	34,122	-	34,122	128.93%	**43,992**	440	158	**43,393**
2044	1,906	37,109	35,203	-	35,203	128.93%	**45,385**	454	163	**44,768**
2045	1,906	38,222	36,316	-	36,316	128.93%	**46,820**	468	169	**46,184**
2046	1,906	39,369	37,463	-	37,463	128.93%	**48,299**	483	174	**47,642**
2047	1,906	40,550	38,644	-	38,644	128.93%	**49,821**	498	179	**49,144**
2048	1,906	41,766	39,860	-	39,860	128.93%	**51,390**	514	185	**50,691**
2049	1,906	43,019	41,113	-	41,113	128.93%	**53,005**	530	191	**52,284**
2050	1,906	44,310	42,404	-	42,404	128.93%	**54,669**	547	197	**53,926**
2051	1,906	45,639	43,733	-	43,733	128.93%	**56,383**	564	203	**55,616**
2052	1,906	47,008	45,102	-	45,102	128.93%	**58,148**	581	209	**57,357**
2053	1,906	48,419	46,512	-	46,512	128.93%	**59,966**	600	216	**59,151**
							1,085,522	**10,855**	**3,908**	**1,070,759**

Exhibit 3

City of Howard Lake, Minnesota
TIF District No. 1-26

STATEMENT OF FISCAL AND ECONOMIC IMPACTS OF PROPOSED TIF DISTRICT

	Without TIF District		With TIF District					
Taxing Jurisdiction	2026 Taxable Net Tax Capacity[(1)]	2026 Local Tax Rate	2026 Taxable Net Tax Capacity[(1)]	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate
City of Howard Lake, Minnesota	2,793,065	70.12%	2,793,065	46,512	32,613	2,839,577	68.969%	1.149%
Wright County	301,032,133	35.16%	301,032,133	46,512	16,354	301,078,645	35.155%	0.005%
School District 2687	17,649,686	23.65%	17,649,686	46,512	10,999	17,696,198	23.585%	0.062%
Other [(2)]	--	0.00%	--	-	-	--	0.00%	--
Totals		128.93%			59,966		127.709%	1.216%

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically available to each taxing jurisdiciton if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

Statement #3: The estimated amount of tax increment generated over the life of the TIF District is estimated to be $1,085,522.

Statement #4 A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated $590,373 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

Statement #5: The estimated amount of increment attributed to the school districts' tax levies and captured as a result of the creation of this TIF District is $199,107 for School District 2687.

Statement #6: The estimated amount of increment attributed to the county tax levy and captured as a result of the creation of this TIF district is $296,043.

(1) Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.
(2) The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

City of Howard Lake, Minnesota
TIF District No. 1-26

Market Value Analysis

Increased Market Value of Site	$	1,697,500
Less Present Value of TIF Revenues	$	576,009
	$	1,121,491
Estimated Increased Site Value w/out TIF	$	400,000
Net Value Increase	$	721,491

Present Value of Tax Increments

Calculation Date: 1/1/2026
Present Value Factor: 4.00%

#	Year	Gross Tax Increment	Present Value
1	2026	-	-
2	2027	-	-
3	2028	27,356	24,320
4	2029	28,251	24,149
5	2030	29,172	23,977
6	2031	30,121	23,805
7	2032	31,098	23,632
8	2033	32,105	23,459
9	2034	33,142	23,285
10	2035	34,210	23,111
11	2036	35,310	22,937
12	2037	36,443	22,762
13	2038	37,610	22,588
14	2039	38,812	22,413
15	2040	40,050	22,238
16	2041	41,325	22,064
17	2042	42,639	21,890
18	2043	43,992	21,716
19	2044	45,385	21,542
20	2045	46,820	21,368
21	2046	48,299	21,195
22	2047	49,821	21,022
23	2048	51,390	20,850
24	2049	53,005	20,678
25	2050	54,669	20,507
26	2051	56,383	20,337
27	2052	58,148	20,167
28	2053	59,966	19,997
		1,085,522	576,009

0EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF HOWARD LAKE, MINNESOTA

HELD: April 20, 2026

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Howard Lake, Wright County, Minnesota, was duly called and held on the 20th day of April, 2026, at 7:00 p.m.

The following members of the City Council were present:

And the following were absent:

Member _____________ introduced the following resolution and moved its adoption:

RESOLUTION NO. 26-05

APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-26
WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1
AND THE ADOPTION OF TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A. It has been proposed that the City of Howard Lake, Minnesota (the "City"), create Tax Increment Financing District No. 1-26 within Municipal Development District No. 1, and adopt a tax increment financing plan relating thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 (inclusive, the "Act"); and

B. The City has investigated the facts and caused to be created the Tax Increment Financing Plan for Tax Increment Financing District No. 1-26 within Municipal Development District No. 1; and

C. The City has performed all actions required by law to be performed prior to the creation of Tax Increment Financing District No. 1-26 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Wright County and Howard Lake-Waverly-Winsted School District #2687, having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-26, and the holding of a public hearing upon published notice as required by law;

NOW, THEREFORE, BE IT RESOLVED, by the City as follows:

1. Tax Increment Financing District No. 1-26. The City hereby approves the establishment of Tax Increment Financing District No. 1-26 within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.

2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-26 and the City makes the following findings:

   (a) Tax Increment Financing District No. 1-26 is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11:

Criteria for this type of district is described in Section 12 of the Tax Increment Financing Plan. The City will ensure all development is in compliance with income limits.

(b) The proposed development, in the opinion of the City, would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-26 permitted by the Tax Increment Financing Plan.

The project developer has indicated that TIF assistance is necessary to control certain development costs such that a reasonable rental rate can be achieved which will enable the developer to secure private financing. Without tax increment assistance, the developer believes that the project will not be able to achieve final pricing that will enable the developer to be successful.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis indicates that:

1. The increase in estimated market value of the proposed developments is $1,697,500; and
2. The present value of expected tax increments collected over the maximum duration of the TIF District is $576,009; and
3. The expected increased estimated market value of the site without the use of tax increment is $400,000, assuming the land is developed for single-family residential use.

(c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-26 conforms to the general plan for development or redevelopment of the City of Howard Lake as a whole.

The reasons and facts supporting this finding are that the housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances and serves to promote the City's development objectives.

(d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Howard Lake as a whole, for the development of Tax Increment Financing District No. 1-26 by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Municipal Development District No. 1.

3. Public Purpose. The adoption of the Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City, to provide employment opportunities, to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.

4. Authorization of Interfund Loan. The City hereby authorizes internal funding in a principal amount equal to all Project costs listed in the TIF Budget. Funds will be provided from the General Fund, repaid over the term of the TIF District, and include interest at a fixed rate of

4.0%. (This interest rate is the greater of the rates specified under Minnesota Statutes 270C.40 and 549.09.)

5. Certification. The Auditor of Wright County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-26 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Tax Increment Financing District No. 1-26 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

6. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with the Commissioner of Revenue and the Office of the State Auditor.

7. Authorization for Execution of Development Agreement. The Mayor and City Administrator are hereby authorized to execute a development agreement providing specific terms for the provision of tax increment assistance.

The motion for the adoption of the foregoing resolution was duly seconded by member _________ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
CITY OF HOWARD LAKE) SS
COUNTY OF WRIGHT)

I, the undersigned, being the duly qualified and acting Administrator of the City of Howard Lake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the establishment of Tax Increment Financing District No. 1-26 within Municipal Development District No. 1 in the City.

WITNESS my hand this 20th day of April, 2026.

____

City Administrator

TIF DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF HOWARD LAKE, MINNESOTA

AND

[COMMUNITY ASSET DEVELOPMENT GROUP]

This document drafted by:

TAFT STETTINIUS & HOLLISTER LLP (RMS)
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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TIF DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the __th day of __, 2026, by and between the City of Howard Lake, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and Community Asset Development Group, a Minnesota limited liability company (the "Developer"),

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, as amended, the City has heretofore established Municipal Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 1-26 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Tax Increment District and the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement pursuant to an exemption for housing.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Assessment Agreement means the agreement, in substantially the form of the agreement contained in Exhibit E attached hereto and hereby made a part of this Agreement, between the Developer and the City and certified by the Assessor for the County, entered into pursuant to Article III of this Agreement;

Assessor's Minimum Market Value means $1,850,000 which is the agreed minimum market value of the Development Property and Project and for calculation of real property taxes as determined by the Assessor for the County as set forth in the Assessment Agreement;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Howard Lake, Minnesota;

Compliance Certificate means the Compliance Certificate in substantially the form attached hereto as Exhibit D;

County means Wright County, Minnesota;

Developer means Community Asset Development Group, a Minnesota limited liability company, its successors and assigns;

Development District means Municipal Development District No. 1 heretofore established, including the real property described in the Development Program;

Development Program means the development program approved in connection with the Development District, as modified;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the establishment of the Tax Increment District and the preparation of this Agreement, the Assessment Agreement, and the issuance of the TIF Note;

Note Payment Date means August 1, 2028, and each February 1 and August 1 of each year thereafter to and including February 1, 2042; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in Minneapolis, Minnesota, as its "reference rate" or any successor rate, which rate shall change as and when that prime rate or successor rate changes;

Project means the construction of a 20-unit multi-family rental housing facility;

Purchase Agreement means the purchase agreement to be entered into by the City and the Developer, pursuant to which the City shall convey the Development Property to the Developer;

Site Improvements means the site improvements undertaken or to be undertaken on the Development Property, more particularly described on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 1-26 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a housing district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on April 20, 2026, and any future amendments thereto;

Tax Increments means, (i) for the first 10 years of collection, 90% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177; and (b) for the subsequent 5 years of collection, after retention by the City of 10% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177, 50% of the remaining tax increments;

Termination Date means the earlier of (i) February 1, 2042, or (ii) the date this Agreement is terminated or rescinded in accordance with its terms; and

TIF Note means the Tax Increment Revenue Note (Community Asset Development Group) to be executed by the City and delivered to the Developer pursuant to Article III hereof, a form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) Based on the representation of the Developer set forth in Section 3.4 below, the Tax Increment District is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the construction of certain Site Improvements incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder, and doing so will not violate its articles of organization, member control agreement, operating agreement, or other organizational documents, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Purchase Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(4) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of,

the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(5) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(6) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(7) Construction of the Project shall commence by July 1, 2026, and shall be substantially completed by August 1, 2027, subject to Unavoidable Delays. The Project shall be constructed according to plans and specifications that are approved by the City.

(8) The Developer will obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the Site Improvements as provided in Article III.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Development Property, Site Improvements, and Legal and Administrative Expenses.

(1) The parties agree that the Site Improvements to be constructed by the Developer are essential to the successful completion of the Project. The costs of the construction of Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) $292,374, or (b) the actual costs of the construction of Site Improvements relating to the Project actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

(2) The City intends to sell the Developer the Development Property for $1 in accordance with a Purchase Agreement in a form prepared by the City Attorney. The City intends to recoup its costs associated with the property ($250,000) and trunk utility fees ($150,000) from the portion of tax increments derived from the Development Property which have been retained by the City. This Agreement shall not be terminated prior to February 1, 2042, if such costs have not be recouped by the City. The Developer may terminate this Agreement early only (i) if such costs have been recouped by the City from the tax increment, or (ii) if the Developer reimburses the City for such costs, with interest equal to the interest associated with the City's interfund loan for such amounts.

(3) The Developer shall pay all Legal and Administrative Expenses incurred by the City.

Section 3.2 Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured in accordance with the provisions of this Agreement.

Section 3.3 Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the construction of the Site Improvements relating to the Project through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have (i) demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project is complete and that the Developer has incurred and paid the costs of the construction of the Site Improvements related to the Project, as described in Section 3.1, and (ii) shall have submitted paid invoices for the costs of construction of the Site Improvements related to the Project and a title company settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

(2) The principal amount of the TIF Note shall be payable solely from the Tax Increments.

(3) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal outstanding on the TIF Note, the Tax Increments received by the City during the preceding 6 months. All such payments shall be applied to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4 Compliance with Low and Moderate Income Requirements.

(1) The City and the Developer understand and agree that the Tax Increment District will constitute a "housing district" under Section 469.174, Subd. 11 of the Tax Increment Act. Accordingly, in compliance with Section 469.1761, Subd. 3 of the Tax Increment Act, the Developer agrees that the Project must satisfy, or be treated as satisfying, the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The parties further agree that no more than 20% of the square footage of the Project may consist of commercial, retail, or other nonresidential uses. The Developer must meet the above requirements as follows:

> (A) At least 20% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County median income; and
>
> (B) The limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

(2) On or before each January 1 and July 1, commencing on January 1, 2028, the Developer or an agent of the Developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the Developer covering the preceding six (6) months together with written evidence satisfactory to the City of compliance with the covenants in this Section. This evidence must include a statement of the household income of each qualifying renter, a

written determination that each qualifying renter's household income falls within the qualifying limits of this Section (and Section 142(d) of the Internal Revenue Code), and certification that the income documentation is correct and accurate (and that the determination of qualification was made in compliance with Section 142(d) of the Internal Revenue Code). The City may review, upon request, all documentation supporting the Developer submissions and statements. In determining compliance with this Section, the Developer must use the County median incomes for the year in which the payment is due on the TIF Note, as promulgated by the Minnesota Housing Finance Agency based on the area median incomes established by the United States Department of Housing and Urban Development.

Section 3.5 Execution of Assessment Agreement. Simultaneously with the execution of this Agreement, the Developer and the City shall execute an Assessment Agreement pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 8, specifying the Assessor's Minimum Market Value for the Development Property and the Project for calculation of real property taxes. Specifically, the Developer shall agree to a market value for the Development Property and the Project which will result in a market value as of January 2, 2027, of the Assessor's Minimum Market Value ($1,850,000) until the Termination Date. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign a market value to the property in excess of the Assessor's Minimum Market Value nor prohibit the Developer from seeking through the exercise of legal or administrative remedies a reduction in such market value for property tax purposes, provided however, that the Developer shall not seek a reduction of such market value below the Assessor's Minimum Market Value in any year so long as the Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until the termination of the Development Agreement. The Assessment Agreement shall be certified by the Assessor for the County as provided in Minnesota Statutes, Section 469.177, Subdivision 8, upon a finding by the Assessor that the Assessor's Minimum Market Value represents a reasonable estimate based upon the plans and specifications for the Project to be constructed on the Development Property and the market value previously assigned to the Development Property. Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of Wright County, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property (or part thereof), whether voluntary or involuntary, and such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage recorded against the Development Property.

Section 3.1 Action to Reduce Taxes. The Developer may seek through petition or other means to have the market value of the Development Property and the Project reduced, provided however, that the Developer shall not seek a reduction of such market value below the Assessor's Minimum Market Value. Until the Note is fully paid, such activity must be preceded by written notice from the Developer to the City indicating its intention to do so. Upon receiving such notice, or otherwise learning of the Developer's intentions, the City may suspend payments due under the TIF Note until the actual amount of the reduction is determined, whereupon the City will make the suspended payments less any amount that the City is required to repay the County as a result of any reduction in market value of the Development Property and the Project. During the period that the payments are subject to suspension the City may make partial payments on the TIF Note if it determines, in its sole and absolute discretion that the amount retained will be sufficient to cover any repayment which the County may require. The City's suspension of payments on the TIF Note pursuant to this Section shall not be considered a default under this Agreement.

Section 3.2 Real Property Taxes. The Developer acknowledges that it is obligated under law to pay all real property taxes payable with respect to the Development Property and pursuant to the provisions of the Agreement until the Developer's obligations have been assumed by any other person with the written consent of the City pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under any State or federal law, of the taxation of real property contained in the Development Property between the date of execution of this Agreement and the Termination Date.

Section 3.3 Prohibition Against Transfer of Project and Assignment of Agreement. The Developer represents and agrees that prior to the Termination Date of this Agreement the Developer shall not transfer the Project or any part thereof or any interest therein, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(2) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Project.

Section 3.4 Assignment of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note and shall not be unreasonably withheld.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes, special assessments, and all public utility or other City charges with respect to the Development Property when due and payable.

(2) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement and the Purchase Agreement.

(3) Failure of the Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement and the Purchase Agreement.

(4) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(5) If the Developer shall:

(A) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(B) make an assignment for the benefit of its creditors; or

(C) admit in writing its inability to pay its debts generally as they become due; or

(D) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the fees of such attorneys and such other expenses so incurred by the City.

Section 4.6 Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in

this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as a "housing district" under Section 469.174, Subdivision 11, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4d.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1 The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2 Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2, or to make any further payments on the TIF Note.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that during the term of this Agreement the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a multi-family rental housing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3 Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(1) in the case of the Developer is addressed to or delivered personally to:

Community Asset Development Group
Attention: ______________________
____

(2) in the case of the City is addressed to or delivered personally to the City at:

City of Howard Lake, Minnesota
Howard Lake City Hall
PO Box 736
625 8th Ave
Howard Lake, MN 55349

with a copy to:

Taft Stettinius & Hollister LLP
Attention: Rhonda Skoby
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7 Expiration. This Agreement shall expire on the Termination Date.

Section 6.8 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Developer has caused this Agreement to be duly executed on its behalf, on or as of the date first above written.

CITY OF HOWARD LAKE, MINNESOTA

By ______________________________________
Its Mayor

By ______________________________________
Its Administrator

This is a signature page to the TIF Development Agreement by and between the City of Howard Lake, Minnesota and Community Asset Development Group.

COMMUNITY ASSET DEVELOPMENT GROUP

By ____
Its ____

This is a signature page to the TIF Development Agreement by and between the City of Howard Lake, Minnesota and Community Asset Development Group.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Property located in the City of Howard Lake, Wright County, Minnesota with the following description:

<u>Parcel Identification Number(s)</u>

1090580002010

EXHIBIT B

FORM OF TIF NOTE

No. R-1 $___________

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF WRIGHT
CITY OF HOWARD LAKE

TAX INCREMENT REVENUE NOTE
(COMMUNITY ASSET DEVELOPMENT GROUP)

The City of Howard Lake, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Community Asset Development Group (the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed $292,374 as provided in that certain TIF Development Agreement, dated as of April 20, 2026, as the same may be amended from time to time (the "TIF Development Agreement"), by and between the City and the Developer. This Note bears no interest.

The amounts due under this Note shall be payable on August 1, 2028, and each February 1 and August 1 of each year thereafter to and including February 1, 2042, or, if the first should not be a Business Day (as defined in the TIF Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall be applied to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from (i) for the first 10 years of collection, 90% of the tax increments , and (ii) for the subsequent 5 years of collection, after retention by the City of 10%, 50% of the net tax increments (each, the "Tax Increments") from the Development Property (as defined in the TIF Development Agreement) within the City's Tax Increment Financing District No. 1-26 (the "Tax Increment District") within its Municipal Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the TIF Agreement under Section 4.2(2) thereof or the Developer shall have terminated the TIF Agreement under Article V thereof, the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the TIF Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the TIF Development Agreement the City elects to cancel and rescind the TIF Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City. which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Howard Lake, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Administrator and has caused this Note to be dated as of __________________, 20____.

_________________________	_________________________
Administrator	Mayor

DO NOT EXECUTE UNTIL PAID INVOICES OR OTHER EVIDENCE OF PAYMENT FOR SITE IMPROVEMENTS FOR THE PROJECT ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of Community Asset Development Group, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF REGISTERED OWNER	DATE OF REGISTRATION	SIGNATURE OF ADMINISTRATOR
Community Asset Development Group ___[Address]______________ ____________________	____________________	__________________________
________________________________	____________________	__________________________
________________________________	____________________	__________________________
________________________________	____________________	__________________________

EXHIBIT C

SITE IMPROVEMENTS

Landscaping, including irrigation
Foundations and Footings
Grading/earthwork
Survey
Environmental Testing
Soil Borings
Site Preparation
Onsite Utilities and Utility Connection Fees
Storm Water/Ponding
Outdoor Lighting
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Parking

EXHIBIT D

COMPLIANCE CERTIFICATE

The undersigned Community Asset Development Group, does hereby certify that as of the date of this Certificate and for the previous six (6) months prior to the execution of this Certificate not less than 20% of the residential units in Community Asset Development Group project located at ______________________________ in Howard Lake, Minnesota (the "Project") were occupied by individuals whose income is 50% or less of the Wright County median income.

Dated this ____ day of _________________, 20___.

COMMUNITY ASSET DEVELOPMENT GROUP

By ____________________________________
Its ____________________________________

[Attach income verification required by Section 3.4]

EXHIBIT E

FORM OF ASSESSMENT AGREEMENT

THIS AGREEMENT, dated as of this [__] day of [_____], is by and between the City of Howard Lake, Minnesota (the "City"), and Community Asset Development Group, a Minnesota limited liability company (the "Developer").

WITNESSETH

WHEREAS, the City and the Developer have entered into a Development Agreement dated as of [_______ __, 2026] (the "Development Agreement") regarding certain real property (the "Development Property") located in the City which property is legally described on Exhibit A attached hereto and made a part hereof.

WHEREAS, it is contemplated that pursuant to said Agreement, the Developer will construct a Project on the Development Property as described in the Development Agreement.

WHEREAS, the City and Developer desire to establish a minimum market value for the Development Property and the improvements constructed or to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177, Subdivision 8.

WHEREAS, the Developer has acquired the Development Property.

WHEREAS, the Assessor for the County (the "Assessor") has reviewed the plans and specifications for the improvements and the market value previously assigned to the land upon which the improvements are to be constructed, and that the "minimum market value" as set forth below is reasonable.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

As of January 2, 2028 through and thereafter until December 31, 2040, the minimum market value which shall be assessed for the Development Property and the Project shall be not less than $1,850,000.

The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on the earlier of: (i) December 31, 2040; or (ii) the date of termination of the Development Agreement.

This Agreement shall be recorded by the Developer with the County Recorder of Wright County, Minnesota. The Developer shall pay all costs of recording.

Neither the preamble nor provisions of this Agreement are intended to, or shall they be construed as, modifying the terms of the Agreement between the City and the Developer.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

IN WITNESS WHEREOF, the City, the Developer and the Assessor have caused this Agreement to be executed in their names and on their behalf all as of the date set forth above.

CITY OF HOWARD LAKE, MINNESOTA

By_________________________________
Its Mayor

By_________________________________
Its Administrator

STATE OF MINNESOTA)
) ss
COUNTY OF ________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2026, by ______________________, the Mayor, and ______________________, the Administrator of the City of Howard Lake, Minnesota on behalf of said City.

____
Notary Public

Signature page for Assessment Agreement by and between the City of Howard Lake, Minnesota and Community Asset Development Group.

COMMUNITY ASSET DEVELOPMENT GROUP

By ______________________________________
Its ______________________________________

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of ____________, 2026, by _________________________, the _______________________ of Community Asset Development Group, a Minnesota limited liability company, on behalf of said company.

____
Notary Public

Signature page for Assessment Agreement by and between the City of Howard Lake, Minnesota and Community Asset Development Group.

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed certain construction plans for the Project, and the market value assigned to the Project and the Development Property, as described in the Assessment Agreement, dated as of [_________], by and between the City of Howard Lake, Minnesota, and Community Asset Development Group which this certification is attached, states as follows:

Legal Description of Property:

[__________________________________].

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and Project are reasonable.

Nothing herein shall limit the discretion of the undersigned assessor or any other public official or body having the duty to determine the market value of the above-described Project and Development Property for ad valorem tax purposes, to assign to such Project and Development Property a market value in excess of the minimum market value specified above and in the Assessment Agreement.

All capitalized but undefined terms herein are assigned definitions as provided in that certain Development Agreement, dated as of [____________], by and between the City of Howard Lake, Minnesota, and Community Asset Development Group.

____
Assessor
Wright County, Minnesota

STATE OF MINNESOTA)
) ss.
COUNTY OF _______)

The foregoing instrument was acknowledged before me this ____ day of ____________, _______, by __________________, the Assessor for the County of Wright, Minnesota.

____
Notary Public

199448380v2

CONSENT TO ASSESSMENT AGREEMENT

__________________, ______________________, of _________________________, _________________, _________________ (the "Bank"), does hereby consent to all terms, conditions and provisions of the foregoing Assessment Agreement and agrees that, in the event it purchases the Development Property at a foreclosure sale or acquires the Development Property through a deed in lieu of foreclosure or otherwise in satisfaction of the indebtedness owed by the Developer, it and its respective successors and assigns, shall be bound by all terms and conditions of the Assessment Agreement, including but not limited to the provision which requires that the minimum market value of the Development Property and the Project shall be not less than the amounts set forth in the Assessment Agreement.

IN WITNESS WHEREOF, we have caused this Consent to Assessment Agreement to be executed in its name and on its behalf as of this ____ day of _______________, _____.

____

By ____________________________________

Its ____________________________________

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ___ day of __________, _____, by _________________, the_____________ of _____________________________, a ____________ banking corporation on behalf of the corporation.

____
Notary Public

EXHIBIT A TO ASSESSMENT AGREEMENT

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

Property located in the City of Howard Lake, Wright County, Minnesota with the following legal description:

[____].

LOAN AGREEMENT

(SUBORDINATE LOAN – WHDP FUNDS)

THIS LOAN AGREEMENT (this “Agreement”) is made as of ________, 2026, by and between **Community Asset Development Group, LLC**, a Minnesota limited liability company (“**Borrower**”), and the **CITY OF HOWARD LAKE, MINNESOTA**, a Minnesota municipal corporation (“**Lender**”).

In consideration of the mutual promises herein contained, the parties hereto agree as follows:

ARTICLE I
Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set out respectively after each (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) “Agreement” -- This Loan Agreement by and between Borrower and Lender.

(b) “Borrower” – As defined above, and its successors and assigns.

(c) “Eligible Costs” - Costs eligible to be reimbursed under the terms and conditions of the MHFA Loan Agreement.

(d) “Escrow Agent” – ____________________, a Minnesota corporation.

(e) “Event of Default” -- Any one of the events of default specified in Section 6.01 of this Agreement.

(f) “Lender” – As defined above.

(g) “Loan” – A loan in the original principal amount of $1,230,000.00 from Lender to Borrower to be used for Eligible Costs, which funds were originally provided to Lender by MHFA under its Workforce Housing Development Program in accordance with the MHFA Loan Agreement.

(h) "Loan Documents" – Collectively, this Agreement, the Mortgage, and the Note, and any amendments thereto.

(i) "MHFA" – Minnesota Housing Finance Agency, a public body and corporate under the laws of the State of Minnesota.

(j) "MHFA Deferred Loan" – That certain deferred loan from MHFA to Lender in the amount of $1,230,000 pursuant to the MHFA Loan Agreement.

(k) "MHFA Loan Agreement" – That certain Minnesota Housing Finance Agency Deferred Loan Agreement, dated effective as of ____________, 2026 between Lender and MHFA, as amended from time to time.

(l) "Mortgage" -- The Mortgage (Subordinate Loan – WHDP Funds) of even date herewith, by Borrower, as mortgagor, to Lender, as mortgagee, creating a subordinate lien on the fee simple interest of the Real Estate as security for payment of the Note.

(m) "Note" -- The Promissory Note (Subordinate Loan – WHDP Funds) of even date herewith executed by Borrower in favor of Lender in the amount of the Loan.

(n) "Project" – The Developer is to construct an approximately twenty (20)-unit market-rate rental housing development located at Lot 1, Block 2, Terning Trails Plat 4, Howard Lake, Minnesota substantially as shown on the attached Exhibit A and intended to provide workforce housing.

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(o) "Real Estate" -- The land located at Lot 1, Block 2, Terning Trails Plat 4, Howard Lake, Minnesota upon which the Project is to be constructed, which is more particularly described on Exhibit A to the Mortgage.

ARTICLE II

Loan

Subject to the terms and conditions hereinafter set forth, Lender agrees to lend to Borrower the Loan, which proceeds shall be used by Borrower for expenses associated with the construction of the Project. The obligation of Borrower to repay the Loan shall be evidenced by the Note and containing the terms relating to the maturity and other matters as set forth in the Note.

ARTICLE III
Conditions of Advancing the Loan

Section 3.01 Condition Precedent to Advance. The obligation of Lender to make an advance of the Loan proceeds shall be subject to the condition precedent that Lender shall have received the following on or before the date hereof:

(a) The Note duly executed by Borrower;

(b) The Mortgage duly executed, constituting a valid and perfected subordinate lien on the fee simple interest in the Real Estate;

(c) Copies of the certificates of insurance for all insurance coverage required under Section 5.01(a) hereof, with all such insurance in full force and effect and approved by Lender;

(d) Resolutions of Borrower authorizing the execution of the Loan Documents; and

(e) Certificate of Good Standing for Borrower issued by the Secretary of State of the State of Minnesota within thirty (30) days prior to the date of this Agreement.

ARTICLE IV
Representations and Warranties

Section 4.01 Representations and Warranties. Borrower represents and warrants as follows as of the date hereof:

(a) Borrower is a limited liability company organized under the laws of the State of Minnesota. Borrower is validly existing and in good standing under the laws of the State of Minnesota. Borrower has all requisite power and authority to own the Real Estate and construct the Project, and to execute and deliver and to perform all of its obligations under the Loan Documents and the execution and delivery thereof and the carrying out of the transactions contemplated thereby will not violate, conflict with or constitute a default under each such entity's organizational documents or under any note, bond, debenture or other evidence of indebtedness or any contract, loan agreement or lease to which such entity is a party or by which the Real Estate is subject, or to the best of Borrower's knowledge violate any law, regulation or order of the United States or the State of Minnesota or agency or political subdivision thereof, or any court order or judgment in any proceeding to which such entity is or was a party or by which the property of such entity is bound.

(b) The execution, delivery and performance by Borrower of the Loan Documents have been duly authorized by Borrower.

(c) The Loan Documents constitute, legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, subject to the application of bankruptcy, insolvency, moratorium, reorganization or similar or dissimilar laws, rulings and decisions of general application relating to or affecting creditors rights and the discretion of any court to refuse to order equitable relief including specific performance of any provisions thereof.

(d)

(e) No consent, approval, order or authorization of or registration, declaration or filing with any governmental authority is required in connection with a valid execution and delivery of the Loan Documents or the carrying out or performance of any of the transactions required or contemplated thereby.

(f) The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, do not and will not, to Borrower's knowledge, violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon Borrower.

(g) To its knowledge, Borrower has fully complied with all applicable local, state and federal laws and ordinances pertaining to its business in all material respects and will continue to comply throughout the terms of this Agreement. If at any time Borrower receives written notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the local, state or federal requirement in question.

(h) Borrower warrants that it will use the proceeds of the Loan made by Lender solely for the Eligible Costs.

ARTICLE V
Additional Covenants of Borrower

Section 5.01 Affirmative Covenants. Borrower agrees that:

(a) Borrower will provide and maintain at all times during the process of building the Project (and, from time to time at the request of Lender, furnish Lender with proof of payment of premiums on):

(i) All risk or builder's risk insurance, written on the so called "Builder's Risk Completed Value Basis", in an amount equal to 100% of the insurable value of the Project at the date of completion without a coinsurance clause, and with coverage available on the so called "all risk", non-reporting form of policy. Lender's interest shall be protected in accordance with a standard mortgagee's clause in form and content satisfactory to Lender; and

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, complete operations and contractual liability insurance) with limits acceptable to Lender.

The policies of insurance required above shall be in form and content satisfactory to Lender and shall be placed with financially sound and reputable insurers licensed to transact business in the State of Minnesota. The policy of insurance referred to in clause (i) above shall contain an agreement of the insurer to give not less than thirty (30) days' advance written notice to Lender in the event of cancellation of such policy or change affecting the coverage thereunder. Acceptance of insurance policies referred to in clauses (i) and (ii) above shall not bar Lender from requiring additional insurance which it reasonably deems necessary.

(b) Borrower shall maintain accurate and complete books, accounts and records pertaining to the Real Estate and the Project. Borrower will permit Lender, acting by and through its officers, employees and agents, upon not less than forty-eight (48) hours' notice to examine all books, records, contracts, plans, drawings, permits, bills and statements of account pertaining to the Project and to make extracts therefrom and copies thereof, for the purpose of administering this Agreement.

(c) Borrower will furnish to Lender the following financial information with respect to Borrower:

(i) Within ninety (90) days after the end of Borrower's fiscal year, annual financial statements of Borrower for such year, certified by Borrower as true and correct, setting forth in comparative form the figures for the previous fiscal year, all in reasonable detail; and

(ii) within fifteen (15) days after being filed, which in any event shall be no later than October 25th of each year, tax returns for Borrower, including all schedules and exhibits.

Section 5.02 Negative Covenants. Borrower agrees that, without the prior written consent of Lender, it will not:

(a) Grant a security interest in the Project or any part thereof or create or permit to be created or allow to exist any mortgage, encumbrance or other lien upon the Real Estate, except those certain liens and encumbrances set forth on Exhibit B to the Mortgage, and except mechanics' and materialmen's liens in respect of obligations which are not due ("Permitted Encumbrances").

(b) Lease, sell, transfer, convey, assign, pledge, or otherwise transfer all or any part of the Project or the Real Estate; provided, however, that the foregoing shall not apply to Permitted Transfers (as defined in the Mortgage).

ARTICLE VI
Events of Default and Rights and Remedies

Section 6.01 Events of Default. Each of the following shall constitute an Event of Default:

(a) Borrower shall fail to pay, when due, interest on or principal of the Note and such failure shall continue for a period of thirty (30) calendar days after the due date;

(b) Borrower shall fail to duly observe or perform, any of the other terms, conditions, covenants or agreements required to be observed or performed by Borrower under the Loan Documents, and such failure shall continue for a period of ninety (90) calendar days after written notice of such failure has been given by Lender to Borrower or, in the event of nonmonetary default only, such additional time as is reasonably necessary to cure the default, provided that Borrower commences the cure no later than ninety (90) days after written notice and diligently pursues the same;

(c) Any representation or warranty made by Borrower herein shall prove to have been untrue in any material respect or materially misleading as of the time such representation or warranty was made;

(d) Execution shall have been levied against the Real Estate or any lien creditor's suit to enforce a judgment against the Real Estate shall have been brought and (in either case) shall continue unstayed and in effect for a period of more than sixty (60) consecutive calendar days, unless such lien is satisfied or bonded over by Borrower;

(e) The construction of the Project is abandoned or shall be unreasonably delayed or be discontinued for a period of sixty (60) consecutive calendar days, in each instance for reasons other than acts of God, fire, storm, strikes, blackouts, labor difficulties, riots, inability to obtain materials, equipment or labor, governmental restrictions or any similar cause over which Borrower is unable to exercise control;

(f) Borrower shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file or have filed against it a petition under the United States Bankruptcy Code, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of any material part of its properties or of the Real Estate or of the Project, or shall not, within ninety (90) days after the appointment (without its consent or acquiescence) of a trustee, receiver or liquidator of any material part of its properties or of the Real Estate or of any Project, have such appointment vacated.

Lender shall provide ______________, a Minnesota banking corporation ("Investor") with a copy of any written notice of an Event of Default delivered to Borrower in accordance with the loan documents evidencing the Loan (the "Default Notice"). Investor shall have the right, but not the obligation, to cure any monetary Event of Default set forth in the Default Notice within thirty (30) business day and any non-monetary Event of Default set forth in the Default Notice within sixty (60) business days after the date that such Default Notice is delivered to Investor. Lender shall accept Investor's curative payment and/or performance as though it was performed by Borrower in connection with any Event of Default set forth in the Default Notice, to the extent permitted by applicable law.

Section 6.02 Rights and Remedies. Subject to the rights of senior lenders, upon the occurrence of an Event of Default Lender may, at its option, exercise any and all of the following rights and remedies (and any other rights and remedies available to it):

(a) Lender may, by written notice to Borrower, declare immediately due and payable all unpaid principal of and accrued interest on the Note, together with all other sums payable hereunder, and the same shall thereupon be immediately due and payable without presentment or other demand, protest, notice of dishonor or any other notice of any kind, all of which are hereby expressly waived; provided, however, that upon the filing of a petition commencing a case naming Borrower as debtor under the United States Bankruptcy Code, the principal of and all accrued interest on the Note shall be automatically due and payable without any notice to or demand on Borrower or any other party.

(b) Lender shall have the right, in addition to any other rights provided by law, to enforce its rights and remedies under the Loan Documents.

(c) Lender shall have the right to foreclose the Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Real Estate at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay all outstanding amounts due under the Note as provided therein.

Nothing in this Section shall affect, limit or impair (i) the security provided by the Loan Documents, (ii) the right to seek monetary judgment against Borrower or any owner of the Real Estate to the extent necessary to permit foreclosure of the Mortgage by action, (iii) the enforcement by Lender of any other legal or equitable rights or remedies or any other provision of any instrument by which the Note is secured, except for payment of principal and interest under the Note, or (iv) the personal liability of Borrower to observe or perform any of the covenants or obligations of Borrower under the Loan Documents other than the obligation to pay the indebtedness evidenced by the Note.

ARTICLE VII

Miscellaneous

Section 7.01 Inspections. Lender, or its agents, shall have the right at all reasonable times, to enter upon the Project for the purposes of inspecting the Project or any part thereof. Lender shall, however, have no duty to make such inspection.

Section 7.02 Indemnification of Lender. Borrower shall bear all loss, expense (including reasonable attorneys' fees) and damage in connection with, and agrees to indemnify and hold harmless Lender, its agents, officials, servants and employees from all claims, demands and judgments made or recovered against Lender, its agents, servants and employees, because of bodily injuries, including death at any time resulting therefrom, and/or because of damages to property of Lender or others (including loss of use) from any cause whatsoever, arising out of, incidental to, or in connection with the construction of the Project, whether or not due to any act of omission or commission, including negligence of Borrower, and whether or not due to any act of omission or commission of Lender, its employees, servants or agents. Borrower's liability hereunder shall not be limited to the extent of insurance carried by or provided by Borrower or subject to any exclusions from coverage in any insurance policy. The obligations of Borrower under this Section shall survive the payment of the Note. Notwithstanding anything to the contrary herein, the foregoing indemnification obligation shall not apply to the extent of the gross negligence or willful misconduct of Lender, its directors, officers, employees, agents, successors and assigns.

Section 7.03 Addresses for Notices. Any notices required or permitted to be given hereunder shall be in writing and shall be effective: (i) when delivered personally, (ii) when received by overnight courier service or electronic ("e-mail") communications (provided that a copy of such notice is deposited in the United States mail within one (1) business day of the email transmission), or (iii) three (3) days after being deposited in the United States Mail (sent certified or registered, return receipt requested), in each case addressed as follows (or to such other address as the parties hereto may designate in the manner set forth herein):

(a) To Borrower at:

Community Asset Development Group, LLC

With a copies to:

(b) To Lender at:

City of Howard Lake, Minnesota
P.O. Box 736
625 Eighth Avenue
Howard Lake, MN 55349
Email: ___________________

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other party.

Section 7.04 Time of Essence. Time is of the essence in the performance of this Agreement.

Section 7.05 Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns, except that Borrower may not transfer or assign its rights hereunder without the prior written consent of Lender.

Section 7.06 Waivers. No waiver by Lender of any default hereunder shall operate as a waiver of any other default or of the same default on a future occasion. No delay on the part of Lender in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or future exercise thereof or the exercise of any other right or remedy.

Section 7.07 Lender's Remedies Cumulative. The rights and remedies hereby specified are cumulative and not exclusive of any rights or remedies which Lender would otherwise have.

Section 7.08 Governing Law and Entire Agreement. This Agreement and the other Loan Documents shall be governed by the laws of the State of Minnesota. This Agreement contains the entire agreement of the parties on the matters covered herein. No other agreement, statement or promise made by any party or by any employee, officer, or agent of any party that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 7.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 7.10 Inconsistency. In the event that any of the terms and provisions of this Agreement are inconsistent with any of the terms and provisions of the Note or the Mortgage, the terms and provisions of this Agreement shall govern.

Section 7.11 Subordinate Loan. Notwithstanding anything to the contrary herein, the terms of the Loan Documents and any other documents and instruments evidencing or securing the Loan are subject to and modified and supplemented by the provisions of any senior mortgages encumbering the Real Estate and any other Permitted Encumbrances.

Section 7.12. Collection Expenses. Borrower agrees to pay to Lender immediately upon demand all costs and expenses, including, without limitation, all attorneys' fees, incurred by Lender in connection with the enforcement of Lender's rights and/or the collection of any amounts which become due to Lender under Loan Documents or the other documents executed in connection herewith; and the prosecution or defense of any action in any way related to the Loan Documents or the other documents executed in connection herewith.

Section 7.13. No Business Subsidy. The purpose of Loan to Borrower is to provide assistance for housing, and consequently the assistance provided pursuant hereto is not a "business subsidy" because it constitutes "assistance for housing" within the meaning of Minnesota Statutes, Section 116J.993, Subdivision 3(7).

Section 7.14. State Audits. Under Minn. Stat. § 16B.98, Subd.8, the Borrower's books, records, documents, and accounting procedures and practices of the Borrower or any other party relevant to this Deferred Loan Agreement or transaction are subject to examination by MHFA and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Deferred Loan Agreement, receipt and approval of all final reports, or the required period of time to satisfy all MHFA program retention requirements, whichever is later. Borrower shall make all such records available to Lender, MHFA, the Minnesota State Auditor and the Legislative Auditor during such six-year period upon request of Lender.

Section 7.15 Minnesota Government Data Practices Act. Lender, and any party entering into a contract with Lender, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Lender under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes, section 13.08 apply to the release of the data referred to in this section by either the Borrower or Lender. If the Borrower receives a request to release the data referred to in this section, the Borrower must notify Lender. Lender will give the Borrower instructions concerning the release of the data to the requesting party before the data is released. The Borrower's response to the request shall comply with applicable law.

Section 7.16. MHFA Loan Agreement. Lender will pay or reimburse Borrower for Eligible Costs from and to the extent of proceeds of the MHFA Deferred Loan from MHFA in accordance with the terms of the approved and executed MHFA Loan Agreement, the Minnesota Housing Workforce Housing Development Program Guide, as amended (the "Program Guide") and the terms of this Section.

(a) When selecting a contractor, Borrower shall comply with all requirements of the Prevailing Wage Act under Minnesota law, the Program Guide, and the MHFA Loan Agreement. Borrower shall comply in all respects with the requirements of the MHFA Loan Agreement and the Program Guide as if it were the "Borrower" thereunder.

(b) All disbursements from the proceeds of the Loan will be made by Lender to Borrower subject to the following conditions precedent that on the date of such disbursement:

(1) Lender has received a written statement from Borrower's authorized representative certifying with respect to each payment: (a) that none of the items for which the payment is proposed to be made has formed the basis for any payment previously made hereunder; (b) that each item for which the payment is proposed is an Eligible Cost; and (c) that Borrower reasonably anticipates completion of the Project in accordance term of the MHFA Loan Agreement.

(2) No material Event of Default under this Agreement or event which would constitute such a material Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

(3) No license or permit necessary for undertaking the Project shall have been revoked or the issuance thereof subjected to challenge before any court or other governmental authority having or asserting jurisdiction thereover.

(4) Borrower has submitted paid invoices or other comparable evidence satisfactory to Lender to demonstrate that all costs submitted for

reimbursement are Eligible Costs have been incurred and paid or is payable by Borrower.

(5) All requirements of the MHFA Loan Agreement and the Program Guide that are to be performed or complied with by Borrower prior to the date of such disbursement have been met or satisfied.

(c) Whenever Borrower desires a disbursement to be made hereunder, which shall be at the times set forth in the MHFA Loan Agreement, Borrower shall submit to Lender a draw request in the form approved by Minnesota Housing to Lender accompanied by all material supporting such draw request as required by Minnesota Housing. Each draw request shall constitute a representation and warranty by Borrower that all representations and warranties set forth in this Agreement are true and correct as of the date of such draw request. After submission of the draw request, if Borrower has performed all of its agreements and complied with all requirements to be performed or complied with under the MHFA Loan Agreement, the Program Guide, and hereunder, Lender shall submit such request to MHFA and make a disbursement to Borrower in the amount of the requested disbursement or such lesser amount as shall be approved, upon receipt of loan proceeds from Minnesota Housing. Each disbursement shall be paid solely from the proceeds of the MHFA Deferred Loan, subject to Lender's and MHFA's determination that the relevant costs are reimbursable as Eligible from the proceeds of the MHFA Deferred Loan under the MHFA Loan Agreement and the Program Guide. Lender has no obligation to provide proceeds of the MHFA Deferred Loan unless and until such funds are disbursed by MHFA. Borrower understands that the amount of the MHFA Deferred Loan may be reduced by MHFA in its sole discretion.

(d) The making of the final disbursement by Lender under this Section shall be subject to the condition precedent that Borrower shall be in compliance with all conditions set forth in this Section and further, that Lender shall have received a lien waiver from each contractor for all work done and for all materials furnished by it for the Eligible Costs satisfied with proceeds of the Loan.

(e) Sections 8, 9, 11, 12, and 14 of the MHFA Loan Agreement will survive termination or cancellation of this Agreement or of the MHFA Loan Agreement.

(f) Borrower will materially comply with all requirements and conditions of the MHFA Loan Agreement applicable to the Project and that are conditions of award of funds under the MHFA Loan Agreement. Nothing in this Agreement shall be deemed an exception from, or alteration of, the requirements of the MHFA Loan Agreement. Borrower will provide invoices to Lender for reimbursement in accordance with the requirements of the MHFA Loan Agreement and of this Agreement. Borrower will take all other actions as are needed to ensure compliance with the MHFA Loan Agreement and provide such information and assistance to Lender as may be needed to ensure Lender can comply with the requirements of the MHFA Loan Agreement. In the event that MHFA enforces penalties, damages, or other punitive requirements against Lender for non-compliance with the terms and conditions of the MHFA Loan Agreement, Borrower agrees to hold Lender and its respective officers, employees, and agents harmless from any claims resulting from Borrower's non-compliance with the terms and conditions required in this Agreement and the MHFA Loan Agreement. Borrower also assumes any financial responsibilities that arise from deferred loan non-compliance. Borrower must also comply with Section 9 of the MHFA Loan Agreement.

(g) Borrower shall materially comply in all respects with the MHFA Loan Agreement which is incorporated herein by reference. Borrower acknowledges and agrees that all terms, conditions and obligations contained in the MHFA Loan Agreement are incorporated herein, and made a part of this Agreement. In addition to the terms, conditions and obligations described herein, Borrower further acknowledges, accepts and assumes all of Lender's obligations described in the MHFA Loan Agreement, including but not limited to, the obligation to repay the MHFA Deferred Loan.

SIGNATURE PAGE
TO
LOAN AGREEMENT
(SUBORDINATE LOAN- WHOP FUNDS)

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the day and year first above written.

BORROWER:

Community Asset Development Group, LLC,
a Minnesota limited liability company

By: ______________________________

Its: ______________________________

LENDER:

CITY OF HOWARD LAKE, MINNESOTA,
a Minnesota statutory city

By: ______________________________
Peter Zimmerman, Mayor

By: ______________________________
Nick Haggenmiller, City Administrator/Clerk

PROMISSORY NOTE

(SUBORDINATE LOAN – WHDP FUNDS)

July 31, 2025

FOR VALUE RECEIVED, the undersigned, **Community Asset Development Group, LLC**, a Minnesota limited liability company ("**Borrower**"), promises to pay to the order of the **CITY OF HOWARD LAKE, MINNESOTA**, a Minnesota municipal corporation ("**Lender**"), on or before ____________ (the "Maturity Date), the sum of One Million Two Hundred Thirty Thousand and no/100 Dollars ($1,230,000.00), or so much as is advanced by Lender to, or for the benefit of, Borrower pursuant to that certain Loan Agreement (Subordinate Loan – WHDP Funds) dated of even date herewith, as the same may be amended from time to time (the "**Loan Agreement**"), together with interest, if any, on the unpaid principal balance from time to time outstanding from the date of this Promissory Note (this "**Note**"). Capitalized terms used herein but not otherwise defined, shall have the meaning attributed to them in the Loan Agreement.

1. This Note shall bear no interest.

2. Borrower shall pay all outstanding principal in one lump sum on or before the Maturity Date, if not paid sooner.

3. This Note may be prepaid from time to time, at the option of Borrower, in whole or in part, without penalty.

4. All payments and prepayments, at the option to Lender, shall be applied first to any costs of collection and second to principal.

5. Upon the occurrence of an Event of Default, Lender may exercise all of its rights and remedies under the Loan Agreement, including, without limitation, declaring the outstanding unpaid principal balance of this Note, and all other obligations of Borrower to Lender to be forthwith due and payable. Failure to exercise any right or remedy provided for or referenced herein shall not constitute a waiver of the right to exercise the same in connection with the applicable Event of Default or any subsequent Event of Default.

6. Borrower does hereby severally waive presentment and demand for payment, notice of dishonor, notice of intention to accelerate, notice of

acceleration, protest and notice of protest and non- payment and all other notices of any kind. No release of any security for this Note or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note or the Loan Agreement made by agreement between Lender or any other person shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower under this Note or the Loan Agreement. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note or the Loan Agreement.

7. Borrower agrees that if, and as often as, this Note is placed in the hands of an attorney for collection or to defend or enforce any of Lender's rights hereunder or under the Loan following the occurrence of an Event of Default that remains uncured, Borrower will pay to Lender its reasonable attorneys' fees and court costs prior to trial, at trial and on appeal, or in any bankruptcy proceeding, and other reasonable expenses incurred in connection therewith. In addition, Borrower shall pay all fees and expenses due under the Loan Agreement and the Mortgage, including, but not limited to, all fees and expenses of Lender in administering, supplementing or amending the Loan evidenced by this Note, the Loan Agreement and the Mortgage. All payments required pursuant to this Section shall be due and payable upon Borrower's receipt of an invoice therefor from Lender, and any unpaid amounts shall bear interest at the interest rate then in effect, if any, from the date of receipt of the invoice by Borrower to the date of payment and shall be secured by the Mortgage.

8. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to the choice of law provisions thereof.

9. Nothing in this Section shall affect, limit or impair (i) the security provided by the Loan Documents, (ii) the right to seek monetary judgment against Borrower to the extent necessary to permit foreclosure of the Mortgage by action, (iii) the enforcement by Lender of any other legal or equitable rights or remedies or any other provision of any instrument by which the Note is secured, except for payment of principal under the Note, or (iv) the personal liability of Borrower to observe or perform any of the covenants or obligations of Borrower under the Loan Documents other than the obligation to pay the indebtedness evidenced by the Note.

SIGNATURE PAGE
TO
PROMISSORY NOTE
(SUBORDINATE LOAN- WHOP FUNDS)

IN WITNESS WHEREOF, Borrower has caused this Note to be executed as of the date first above written.

Community Asset Development Group, LLC,
a Minnesota limited liability company

By: ________________________
Its: ________________________

MORTGAGE

(SUBORDINATE LOAN – WHDP FUNDS)

THIS MORTGAGE ("**Mortgage**") dated as of ____________, 2026 by **Community Asset Development Group, LLC**, a Minnesota limited liability company, as mortgagor ("**Borrower**"), to the CITY OF HOWARD LAKE, a Minnesota municipal corporation, as mortgagee ("**Lender**"). In consideration of the receipt of One Million Two Hundred Thirty Thousand and no/100 Dollars ($1,230,000.00) (the "**Indebtedness**") from Lender, Borrower hereby mortgages, with power of sale, the real property in Wright County, Minnesota, legally described on Exhibit A hereto, together with all hereditaments and appurtenances belonging thereto (the "**Property**"), subject to those liens or encumbrances set forth on Exhibit B hereto (collectively, "**Permitted Encumbrances**"). The term, "Indebtedness," shall also include (b) all sums advanced in protecting the lien of this Mortgage including sums advanced (i) in payment of taxes on the Mortgaged Property (as hereinafter defined); (ii) in payment of insurance premiums covering the Property, as required under the Loan Agreement; (iii) in payment of expenses and reasonable attorneys' fees herein and in the Note (as defined in the Loan Agreement) and the Loan Agreement (as hereinafter defined) provided for; and (iv) all other sums advanced for any other purpose authorized herein. Capitalized terms used herein that are not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement (as defined below)

Borrower covenants with Lender as follows:

1. **Repayment of Indebtedness**. If Borrower (a) pays the Indebtedness to Lender according to the terms of the Loan Agreement (Subordinate Loan – WHDP Funds) of even date herewith that evidences the Indebtedness and all renewals, extensions, and modifications thereto (the "**Loan Agreement**") and that certain Promissory Note (Subordinate Loan – WHDP Funds) dated even herewith by Borrower to Lender, final payment of which is due on _________, 2026 (the "**Note**"); (b) pays interest on the Indebtedness as provided in the Loan Agreement; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) keeps and performs all the covenants and agreements contained herein, then Borrower's obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Borrower. It is Borrower's responsibility to record any satisfaction of this Mortgage at Borrower's expense.

2. **Statutory Covenants**. Borrower makes and includes in this Mortgage the following covenants and provisions set forth in Minn. Stat. 507.15, and the relevant statutory covenant equivalents contained therein are hereby incorporated by reference:

(a) To warrant the title to the Property;

(b) To pay the Indebtedness as herein provided;

(c) To pay all taxes;

(d) That the Property shall be kept in repair and no waste shall be committed, subject to ordinary wear and tear; and

(e) To pay principal and interest on prior mortgages (if any).

3. **Additional Covenants and Agreements of Borrower**. Borrower makes the following additional covenants and agreements with Lender:

(a) Borrower shall keep all buildings, improvements, and fixtures now or later located on all or any part of the Property (collectively, the "**Improvements**") insured against loss by fire, lightning, and such other perils as are included in a standard all-risk endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy, including, without limitation, vandalism, malicious mischief, burglary, theft, and if applicable, steam boiler explosion. If any of the Improvements are located in a federally designated flood prone area, and if flood insurance is available for that area, Borrower shall procure and maintain flood insurance in amounts reasonably satisfactory to Lender. Borrower shall procure and maintain liability insurance against claims for bodily injury, death, and property damage occurring on or about the Property in amounts reasonably satisfactory to Lender and naming Lender as an additional insured, all for the protection of the Lender.

(b) Each insurance policy required pursuant to Paragraph 3(a) must contain provisions in favor of Lender affording all right and privileges customarily provided under the so- called standard mortgagee clause. Each policy must be issued by an insurance company or companies licensed to do business in Minnesota. Each policy must provide for not less than thirty (30) days' written notice to Lender before cancellation, non-renewal, termination, or change in coverage. Borrower will deliver to Lender a duplicate original or certificate of such insurance policies and of all renewals and modifications of such policies.

(c) If the Property is damaged by fire or other casualty, Borrower must promptly give notice of such damage to Lender and the insurance company. In such event, the insurance proceeds paid on account of such damage will be applied to payment of the amounts owed by Borrower under the Loan Documents, even if such amounts are not otherwise then due, unless Borrower is permitted to make an election as described in the next paragraph. Such amounts first will be applied to unpaid accrued interest and next to the principal to be paid as provided in the Note in the inverse order of their maturity. Such payment(s) will not postpone the due date of the installments to be paid pursuant to the Note or change the amount of such installments. The balance of insurance proceeds, if any, will be the property of Borrower.

(d) Notwithstanding the provisions of Paragraph 3(c), and unless otherwise agreed by Borrower and Lender in writing, if (i) Borrower is not in default under this Mortgage (or after Borrower has cured any such default); and (ii) the mortgagees under any senior mortgages do not require otherwise, then Borrower may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the "Repairs") deposited in escrow with a bank or title insurance company qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Borrower. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Borrower, Lender and Borrower shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Borrower shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to insure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Borrower shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Borrower into such escrow before the commencement of the Repairs. Borrower shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Borrower within one (1) year after the Repairs have commenced. If, following the completion of and payment for the Repairs, there remains any undisbursed escrow funds, such funds shall be applied to payment of the amounts owed by Borrower under the Note in accordance with Paragraph 3(c).

(e) If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof must be applied to payment of the amounts due by Borrower to Lender under the Note as set forth in Paragraph 3(c), even if such amounts are not then due to be paid.

(f) Borrower will diligently complete all Improvements, if any, that may now or hereafter be under construction on the Property.

(g) Borrower will pay all dues, fees, or assessments, if any, which are due and payable by Borrower to any homeowners or similar association as a result of the Property's inclusion therein.

(h) Borrower will pay any other expenses and reasonable attorneys' fees incurred by Lender pursuant to the Loan Documents or as reasonably required for the protection of the lien of this Mortgage.

4. **Payment by Lender**. If Borrower fails to pay any amounts to be paid hereunder to Lender or any third parties, or to insure the Improvements, and deliver the policies as required herein, Lender may make such payments or secure such insurance. The sums so paid shall be additional Indebtedness, bear interest from the date of such payment at the same rate set forth in the Loan Agreement, be an additional lien upon the Property, and be immediately due and payable upon written demand. This Mortgage secures the repayment of such advances.

5. **Event of Default**. In case of an Event of Default (as defined in the Loan Agreement), Lender may declare the unpaid balance of the Indebtedness and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and Borrower hereby authorizes and empowers Lender to seek any and all remedies permitted under the Loan Agreement.

Lender shall provide ______________, a Minnesota banking corporation ("Investor"), with a copy of any written notice of an Event of Default delivered to Borrower in accordance with the loan documents evidencing the Loan (the "**Default Notice**"). Investor shall have the right, but not the obligation, to cure any monetary Event of Default set forth in the Default Notice within thirty (30) business day and any nonmonetary Event of Default set forth in the Default Notice within sixty (60) business days after the date that such Default Notice is delivered to Investor. Lender shall accept Investor's curative payment and/or performance as though it was performed by the Borrower in connection with any Event of Default set forth in the Default Notice, to the extent permitted by applicable law.

6. **Governing Law; Severability**. This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage or the Loan Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Loan Agreement which can be given effect without the conflicting provision.

7. **Subordination**. Notwithstanding anything to the contrary herein, by its acceptance of this Mortgage, Lender hereby acknowledges and agrees that all of its rights and interest under this Mortgage shall be subject to the rights and interests of senior mortgagees under senior mortgages and other Permitted Encumbrances.

8. **Nonrecourse**. Nothing in this section shall affect, limit or impair (i) the security provided by this Mortgage or any other document, (ii) the right to seek monetary judgment against Borrower or any owner of the Property to the extent necessary to permit foreclosure of this Mortgage by action, (iii) the enforcement by Lender of any other legal or equitable rights or remedies or any other provision of any instrument by which the Note is secured, or (iv) the personal liability of Borrower for the failure to observe or perform any of the covenants or obligations of this Mortgage and other instruments securing payment of the Note other than the obligation to pay the indebtedness evidenced by the Note.

9. **Transfer**. If Mortgagor sells, conveys, transfers, further mortgages or encumbers, or disposes of the Mortgaged Property, or any part thereof, or any interest therein, or agrees so to do, or if any ownership interest in Mortgagor is sold, conveyed, transferred, or encumbered, without the written consent of Mortgagee being first obtained, then at the sole option of Mortgagee, Mortgagee may declare the entire Indebtedness due and payable in full and call for payment of the same in full at once. Notwithstanding anything to the contrary herein, this Section 9 shall not apply to (i) leases to residential tenants in the ordinary course of business of Mortgagor, (ii) any security granted to ________________, as bridge lender to Mortgagor, or (iii) Permitted Encumbrances (collectively, "**Permitted Transfers**").

10. **Title**. Mortgagor will duly and punctually pay each and every installment of principal and interest on the Note and all other Indebtedness, as and when the same shall

become due, and shall duly and punctually perform and observe all of the covenants, agreements and provisions contained herein, in the Note, the Loan Agreement, and any other instrument given as security for the payment of the Note. Mortgagor has good title to the Mortgaged Property and has good right and lawful authority to mortgage, assign and pledge the same as provided herein. The Mortgaged Property is free of all liens and encumbrances, except the Permitted Encumbrances. Mortgagor has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its estate or interest in and title to the Mortgaged Property or any part thereof shall or may be impaired, changed or encumbered in any manner whatsoever except by Permitted Encumbrances. Mortgagor shall warrant and defend the title to the Mortgaged Property against all claims and demands whatsoever not specifically excepted herein. Mortgagor agrees that it will pay or cause to be paid all operating costs and expenses of the Mortgaged Property; keep the Mortgaged Property free from mechanics', materialmen's and other liens; keep the Mortgaged Property free from levy, execution or attachment and will pay when due all Indebtedness and upon request will exhibit to Mortgagee satisfactory evidence of such payment and discharge.

11. THIS MORTGAGE SECURES A LOAN FROM THE CITY OF HOWARD LAKE, MINNESOTA, A MINNESOTA MUNICIPAL CORPORATION, PURSUANT TO A LOW AND MODERATE INCOME HOUSING PROGRAM OR OTHER AFFORDABLE HOUSING PROGRAM OF THE MINNESOTA HOUSING FINANCE AGENCY, AN AGENCY OF THE STATE OF MINNESOTA, AND AS SUCH IS EXEMPT FROM MORTGAGE REGISTRATION TAX PURSUANT TO MINNESOTA STATUTES SECTION 287.04(6).

[*The remainder of this page has been left blank intentionally.*]

IN WITNESS WHEREOF, the undersigned has executed this Mortgage as of the date first above written.

Community Asset Development Group, LLC,
a Minnesota limited liability company

By: ______________________
Its: ______________________

STATE OF MINNESOTA)
)
COUNTY OF __________)

The foregoing instrument was acknowledged before me this _____ day of ________, 2026, by _______________, the ______________ of Community Asset Development Group, LLC, a Minnesota limited liability company, for and on behalf of said limited liability company.

____
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Couri & Ruppe Law Office
P.O. Box 369
St. Michael, MN 55376
763-497-1930

EXHIBIT A

LEGAL DESCRIPTION

Lot 1, Block 2, Terning Trails Plat 4, Howard Lake, Minnesota, according to the plat on file in the office of the Wright County Recorder, Wright County, Minnesota.

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Real estate taxes and special assessments that are liens not yet due and payable.

2. Mortgage by Community Asset Development Group, LLC, a Minnesota limited liability company, as mortgagor, in favor of the _______________, as mortgagee, recorded with the Wright County Recorder on ____________, 2026 as Document No. ____________.

3. Mortgage, Security Agreement, Fixture Financing Statement, and Assignment of Leases and Rents by Community Asset Development Group, LLC, a Minnesota limited liability company, as mortgagor, in favor of ____________________, as mortgagee, recorded with the Wright County Recorder on ____________, 2026 as Document No. ____________.

4. Request for Notice of Foreclosure by the Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota, to be recorded with the Wright County Recorder.

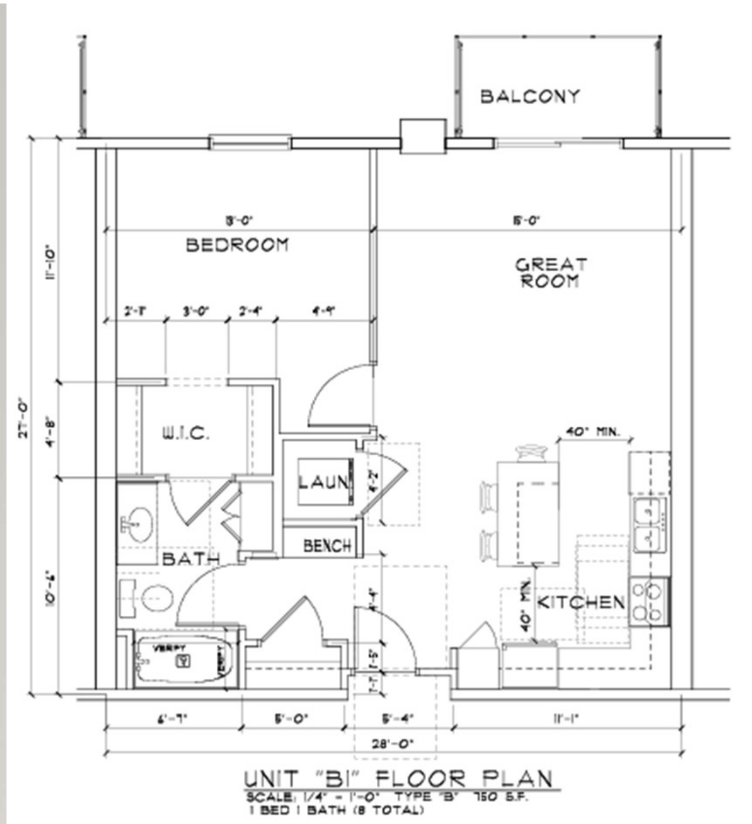
5. Residential leases to tenants in the ordinary course of business.

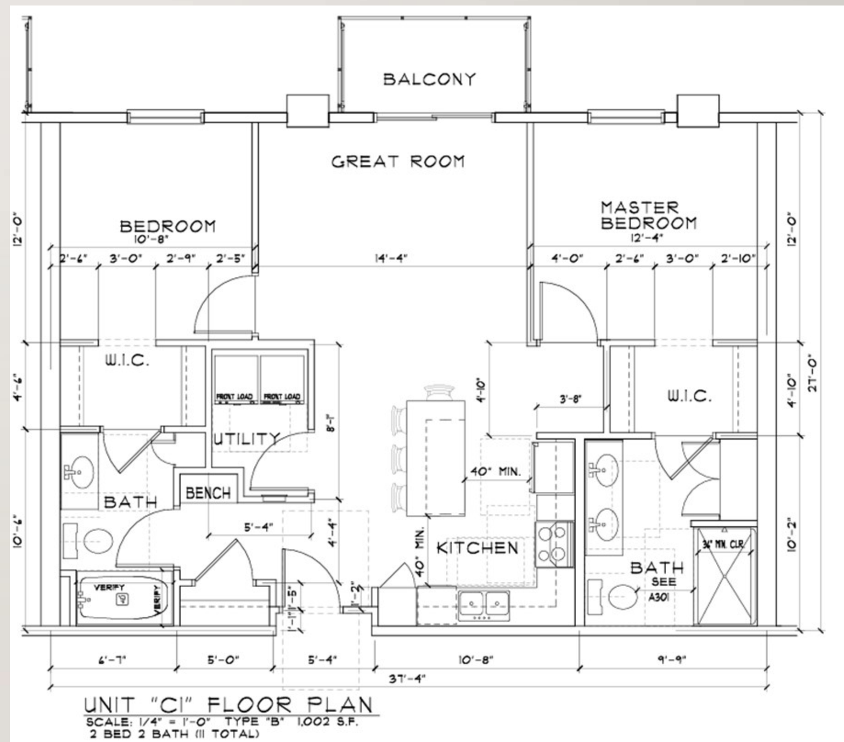
The apartment complex would be a three story building with 19 two bedrooms and two baths 1 one bedroom units Amenities will include:

- Outdoor patio. fire pit and grilling area);
- Fitness Room with basic equipment; • Bike storage
- Community room/ Business center
- Pet-friendly
- Complimentary common area Wi-Fi;

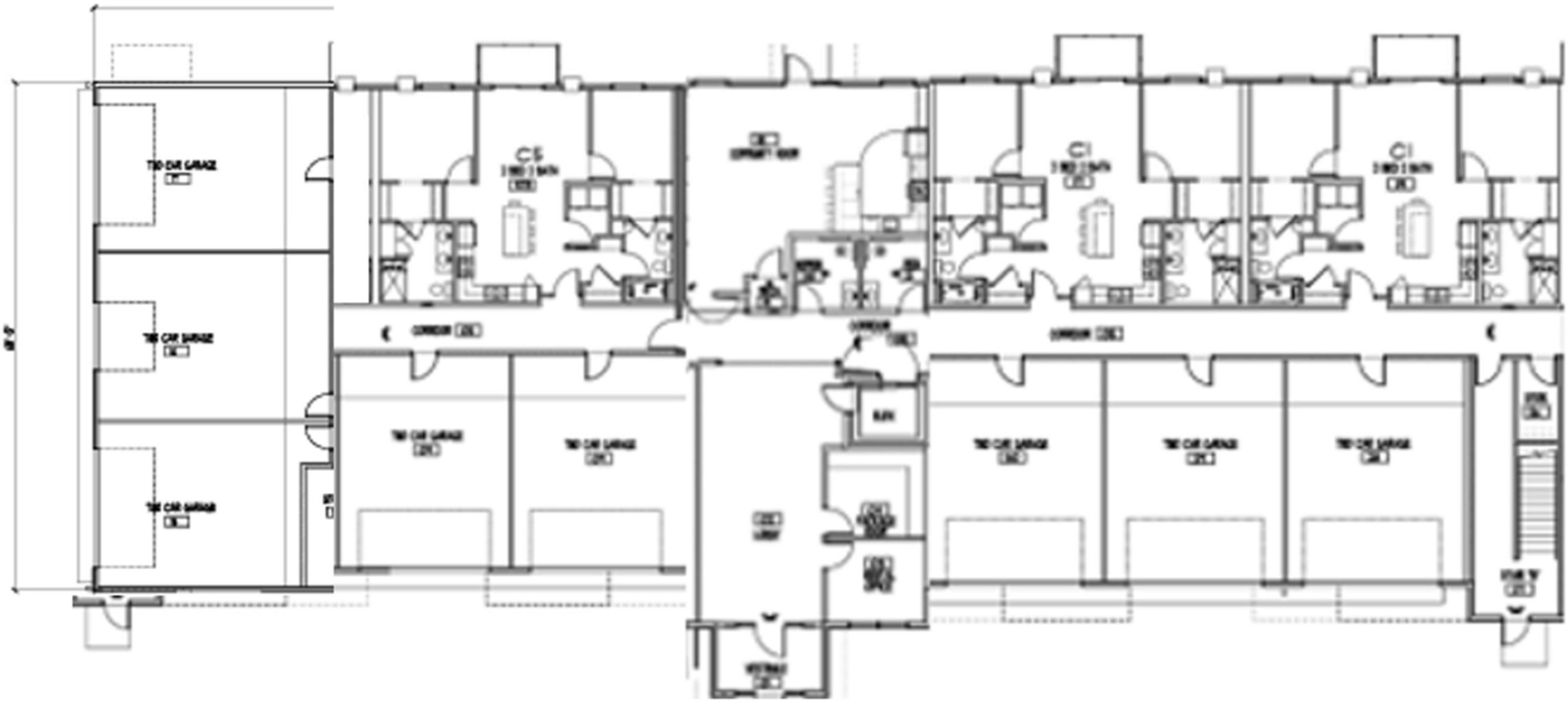
Units will feature kitchen appliance package and center kitchen island; • Open floor plan with high ceilings (9 feet or higher); Balconies or patios; Secure entry; Walk-in closets; In-unit full size washer and dryer;; • Laminate wood-plank flooring

CONCEPT ELEVATION

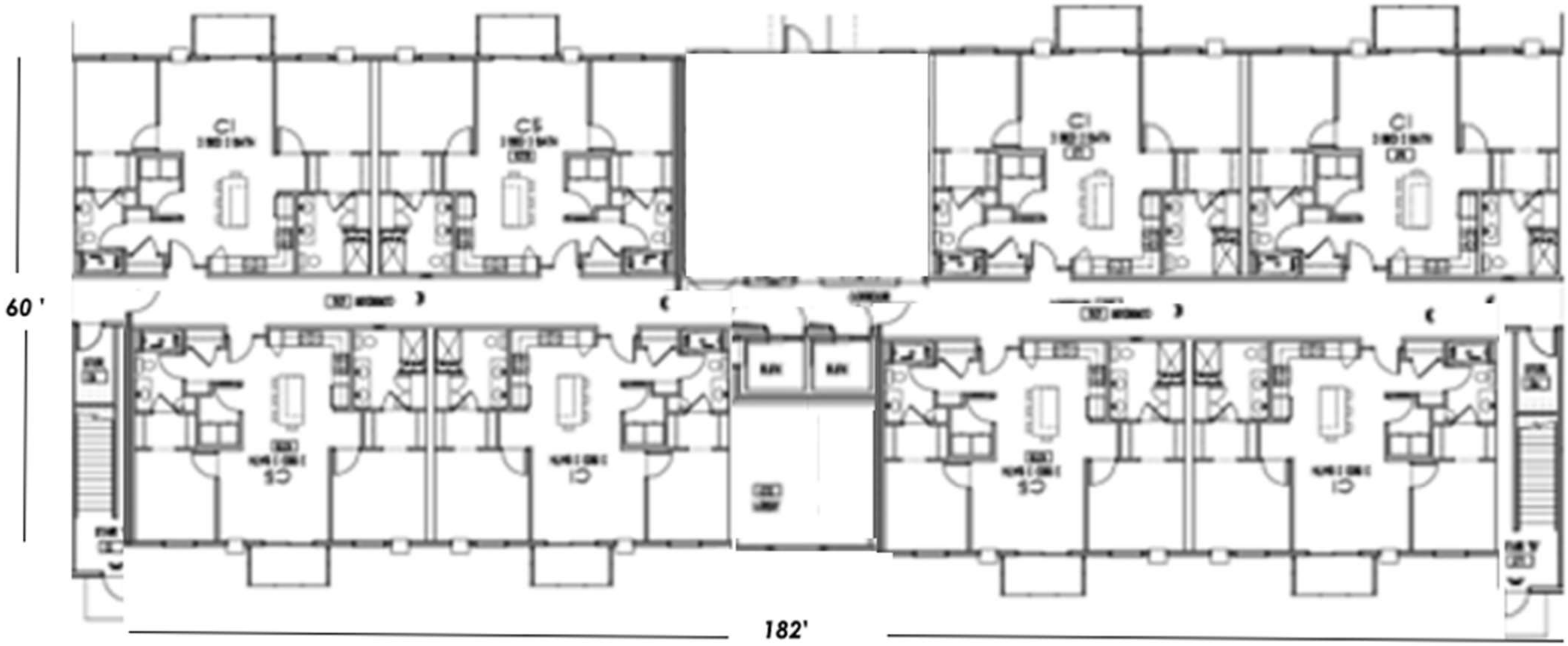

BALCONY
BEDROOM
GREAT ROOM
W.I.C.
LAUN
BENCH
BATH
KITCHEN
40" MIN.
28'-0"
UNIT "B1" FLOOR PLAN
SCALE: 1/4" = 1'-0" TYPE "B" 750 S.F.
1 BED 1 BATH (8 TOTAL)


BALCONY
GREAT ROOM
BEDROOM
10'-8"
MASTER BEDROOM
12'-4"
W.I.C.
UTILITY
BENCH
BATH
KITCHEN
40" MIN.
W.I.C.
BATH
SEE A301
37'-4"
UNIT "C1" FLOOR PLAN
SCALE: 1/4" = 1'-0" TYPE "B" 1,002 S.F.
2 BED 2 BATH (11 TOTAL)

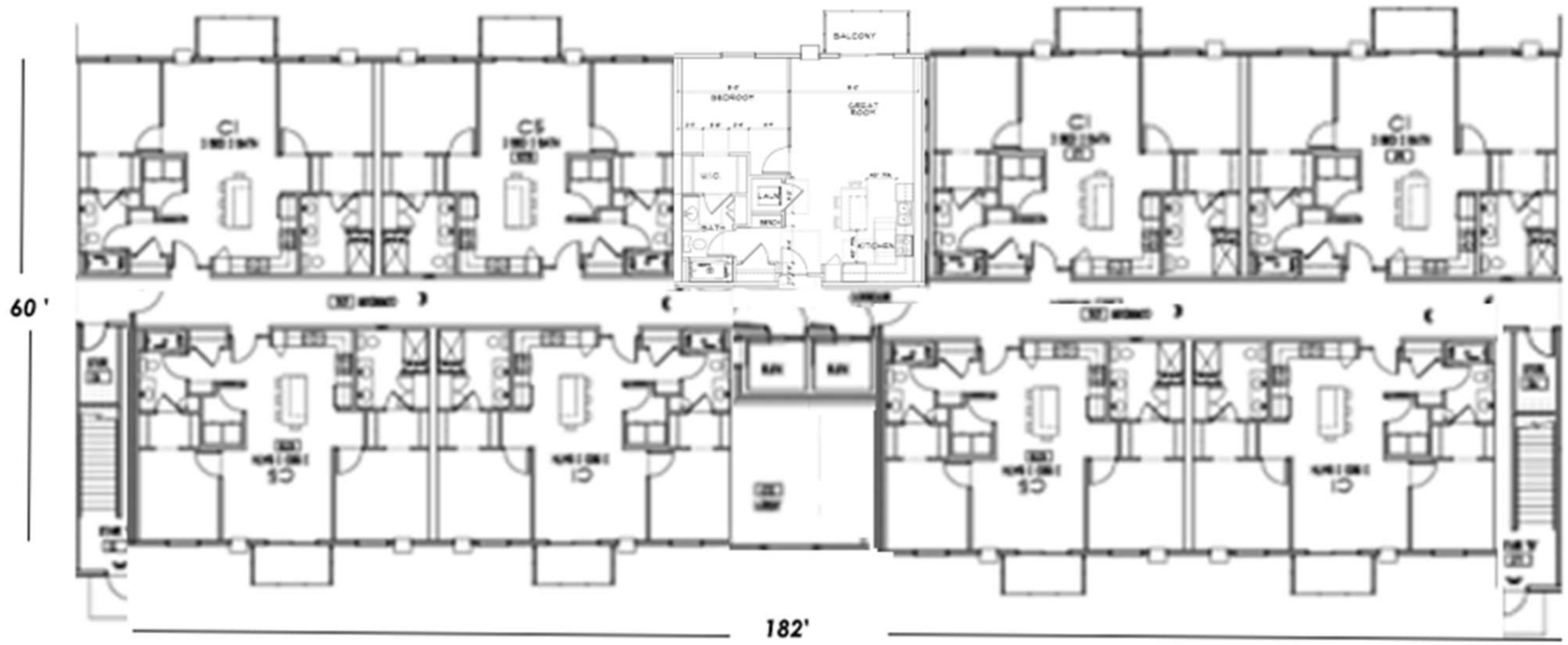
FLOOR PLANS



First Floor



Second Floor



BALCONY
BEDROOM
GREAT ROOM
W.I.C.
LAUN
BATH
KITCHEN
C1
C5
60 '
182'

Third Floor

BUILDING SPECIFICATIONS

- **Exterior**
  - James Hardie Siding
  - Alum. Soffit & Fascia
  - 30 Year Architectural Shingles
  - Vinyl windows
  - Raised panel insulated garage doors
  - Garage door openers
  - Aluminum storefront doors on 2 main entry doors, 2 stairwell doors, and rear patio door
  - Maintenance free deck w/ aluminum rail
  - Masonry per plan
  - Design build landscaping package

- **Mechanical/Plumbing/HVAC/Fire/Elevator**
  - Design Build Electrical, Plumbing, HVAC and Fire Sprinkler
  - Hot water baseboard heat w/ thru wall window A/C units
  - 13R Fire Sprinkler System w/ Fire Alarm Panel
  - 100 amp electrical panel to each unit on separate meters. Common area to have its own meter.
  - Entry system
  - Wiring for camera system (no equipment)
  - Site lighting
  - Sleeves for future electric car charging stations (no equipment)
  - Hydrofit elevator
  - Chrome plumbing package
  - Fiberglass tub/shower units
  - Ice maker line to refrigerator

- **Interior**
  - Solid flat profile poplar base 2 ¾" casing 2 ¼"
  - Professionally finished woodwork
  - Paneled white solid core interior doors
  - Custom modular poplar cabinets w/ molding
  - Shaker cabinet doors
  - Granite countertops in the kitchen w/ stainless undermount sink
  - Cultured marble vanity tops in the bathrooms w/ integral bowl
  - Full vanity mirrors
  - Interior walls smooth w/ textured ceilings
  - Vinyl window coverings
  - Full appliance package each unit
  - Electric fireplace with tile/stone surround and mantle community room
  - Acoustical ceiling tile in the corridors
  - Carpet Bedrooms, Corridors, Stairs, Walk off carpet main entryways
  - Ceramic Tile Common Bath Floors/Wet walls
  - LVP Flooring Kitchen, Dining, Entry, Living, bathrooms, lobby, community room, business centers

HOWARD LAKE CITY COUNCIL MEETING

April 20, 2026

AGENDA ITEM: **Consider Purchasing a Generator for the Howard Lake Fire Department.**

SECTION: **New Business**

FROM: **Meagan Theisen, Assistant City Administrator**

BACKGROUND: The Howard Lake Fire Department has submitted their request to replace their current generator with a new one from Advanced Power Services. They received a quote for a 40KW Cummins Quiet Connect Generator in the amount of $27,999. This quote includes removal of the old generator, installing a concrete pad and installing the new generator. The Fire Department has not confirmed what the plan is for the old generator.

COUNCIL ACTION REQUESTED: Approve the purchase of a new generator in the amount of $27,999.

ATTACHMENTS: 1. Quote from Advanced Power Services

ADVANCED POWER SERVICES, INC.

Sales Engineer: Lucas Braun
lbraun@advancedpowerservice.com

	Bill To:		Ship To:
Company Name:	Howard Lake FS	Company Name:	Howard Lake FS
First Name:	Mark	First Name:	Mark
Last Name:	Stueven	Last Name:	
Address	1984 Oakdale Ave W	Address	
City:	St. Paul	City:	Howard Lake
State:	MN	State:	MN
Zip:		Zip:	

Part Number	Model Number/Description		Phase	Price	Price Total
40KW Cummins Quiet Connect Gen	40KW Generator	Main Breaker Qty1 200A	240V		$27,999.00
Coolant Heater	Coolant Heater	120V, 1500W			
12V Battery/ 12V 6A Charger	Battery, Group 34-Cold Start				
Remote Annunciator/Estop					
Asco Transfer Switch (Qty 1)	300 Series 200A, Nema 1		240V		
2 Hour Load Bank					
Start Up and Testing					
Electrical Installation					
Concrete pad installation					
Remove old generator					

Sub Total **$27,999.00**

Project & Equipment Total **$27,999.00**

ADDITIONS		
Start up Included		$0.00
Freight Included	0	$0.00
Instalation Included	0	$0.00
Customer Training Included	0	$0.00
Tax Not Included	0	$0.00
	0	$0.00

TOTAL **$27,999.00**

This quote was prepared by: