*The City of Howard Lake strives to build upon its good neighbor traditions –*
*A welcoming community for all, supported by vibrant and engaged businesses and community organizations, involved citizens, and diverse amenities that provide a well-rounded quality of life.*

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TENTATIVE AGENDA
NOVEMBER 16, 2021 – 7:00 pm

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. COUNCIL MEETING MINUTES
   a. Consider Approving Minutes from the September 16, 2021 Meeting.
E. CITIZEN INPUT
F. COUNCIL/COMMITTEE REPORT
G. DEPARTMENT REPORTS
   a. Howard Lake Municipal Liquor Financials.
   b. South Shore Event Center Financials.
H. CONSENT AGENDA
   a. Consider Accepting all Reports & Payment of Claims.
   b. Consider Accepting Personnel Appointments.
   c. Consider Resolution 20-22 Certifying Delinquent Utility Charges & City Fees.
   d. Consider Resolution 20-23 Declaring Polling Place for 2022.
   e. Consider Contract Amendment #3 for Splash Pad Project.
I. PRESENTATIONS, PUBLIC HEARINGS & RELATED APPROVALS
   a. Public Hearing Calling for the Creation of Housing TIF District 1-21 (Terning Trails II)
J. NEW BUSINESS
   a. Consider Resolution 20-24 Adopting TIF Plan & Authorizing Execution of TIF Agreement.
   b. Consider Purchases for Public Works Department.
   c. Consider Declaring Conditions Creating a Building & Zoning Code Violation.
   d. Discuss Water Meter Replacement Project.
E. OLD BUSINESS
F. ADMINISTRATOR'S REPORT
G. ADJOURN

# CITY OF HOWARD LAKE

**Nicholas A. Haggenmiller, City Administrator**
625 $8^{TH}$ Avenue - PO Box 736 - Howard Lake, MN 55349

**Phone: 320-543-3670 | cityadmin@howard-lake.mn.us | www.howard-lake.mn.us**


**HOWARD LAKE CITY COUNCIL**
**Howard Lake City Hall -**
**October 19, 2021**

**MEETING MINUTES**

**COUNCIL PRESENT**
Mayor Zimmerman
Tom Kutz
Allan Munson
Gene Gilbert

**COUNCIL ABSENT**
Jason Deiter

**STAFF PRESENT**
Nick Haggenmiller, City Administrator

**ALSO PRESENT**
Herald Journal

**CALL TO ORDER**
Mayor Zimmerman called the meeting to order at 7:00 p.m.

**PLEDGE OF ALLEGIANCE**
All present recited the Pledge of Allegiance.

**APPROVAL OF AGENDA**
Haggenmiller noted the addition of updated liquor financials, event center financials, and firehall repair quotes.

Council Member Kutz/Gilbert MSP to approve the agenda.

**APPROVAL OF MINUTES**
The minutes of the September 28, 2021 Regular Meeting were reviewed and approved unanimously MSP Kutz/Gilbert.

**CITIZEN INPUT**
No residents addressed the Council.

**COUNCIL/COMMITTEE REPORT**
Mayor Zimmerman updated the council on the AMLHL Wastewater Commission meeting. The commission noted an adopted budget for 2022 that proposes no rate increases.

**DEPARTMENT REPORTS**

Receive and file the Howard Lake Municipal Liquor and South Shore Event Center Financials.

**CONSENT AGENDA**

**a. CONSIDER ACCEPTING ALL REPORTS AND PAYMENT OF CLAIMS**

| | | |
|---|---|---|
| GENERAL FUND | 58440-58539 | $301,381.08 |
| PAYROLL | 26967-26977,501657-501686 | $24,047 |
| ELECTRONIC | 1048-661 | $27,297.67 |
| **TOTAL** | | **$352,725** |
| AMBULANCE CLAIMS | 5787-5793 | $6,105.79 |
| ELECTRONIC | | |
| **TOTAL** | | **$6,105.79** |

a. **Consider Various Personnel Appointments.**
b. **Consider Closing Dutch Lake Woods to Vehicle Traffic on Halloween.**
c. **Consider Approval of Various Policies to Support USDA Application.**

The consent agenda was approved unanimously as presented MSP Munson/Kutz.

**PUBLIC HEARING/PRESENTATION**

**NEW BUSINESS**

a. **CONSIDER ORDERING THE ABATEMENT OF CONDITIONS CREATING A BUILDING CODE VIOLATION.**

Haggenmiller presented the staff report summarizing there were a number of units that had been moved in to the manufactured home park, subsequently occupied but that had failed to obtain various completed inspections including the certificate occupancy. Staff had repeatedly attempted compliance with the property owner to no result. Haggenmiller was requesting council authorization to begin legal proceedings following a 20 day notification period.

Council discussion centered on the occupants and occupant knowledge of the conditions. Specifically, council did not want to pursue or take actions that would potentially result in people inadvertently becoming homeless. Haggenmiller confirmed the course of action would be long and he would ensure no adverse consequences to the tenants.

Upon completion of discussion, the matter was approved unanimously MSP Kutz/Munson.

b. **CONSIDER RESOLUTION SUPPORTING WRIGHT COUNTY LOCAL OPTION SALES TAX FOR TRANSPORTATION FUNDING.**

Haggenmiller presented a staff report, information from Wright County and a draft resolution in support of the extension of LOST for Wright County. The sales tax has funded 8 county highway projects in the last three years. Wright County has identified another 30 possible projects including CSAH 7 in Howard Lake that would be reconstructed using this funding source.

After discussion, the resolution was approved unanimously MSP Munson/Gilbert.

c. **CONSIDER APPROVAL OF FACILITY MAINTENANCE ITEMS AT FIRE HALL.**

Haggenmiller informed the council that all four drop down heaters and the water heater inside the fire hall were leaking carbon monoxide and need to be replaced. He noted they were original to the building and at least two were rehabbed from older projects prior to placement. Haggenmiller proposed a quote for replacement to Drusch Plumbing totaling $13,000.

After discussion, council unanimously passed the resolution MSP Kutz Gilbert.

**d. CONSIDER OUTDOOR FURNISHINGS FOR CENTRAL PARK.**

Haggenmiller presented the staff report proposing benches, refuse containers, picnic tables and sunshades to be purchased and installed at Central Park. He noted these items were originally removed from the project to preserve budget. Now that the splash pad has been installed at or under budget, these items may be brought back for approval.

Haggenmiller sought two complete quotes and is recommending ordering select items from each vendor Upbeat Furnishings and Barco. The items are believed to be good quality with a satisfactory warranty. Councilor Gilbert directed Haggenmiller to update the Parks and Planning Commission.

The quotes for Upbeat Furnishings at $18,055 and Barco at $10,315 were approved unanimously MSP Gilbert/Munson.

**e. CONSIDER APPROVAL OF PERSONNEL POLICY UPDATE**

Haggenmiller brought forward specific language to the personnel policy associated with a recent verbal approval for paid parental leave. The specific language included:

**a) PARENTING LEAVE**

~~An employee who works 20 or more hours per week and has been employed at least twelve (12) consecutive months is entitled to take an unpaid leave of absence in connection with the birth or adoption of a child. Parenting leave may not exceed six weeks and must begin not more than six (6) weeks after the birth or adoption of the child.~~

~~Employees are not required to use paid time off during parental leave but may use paid time off at their option for any period of this leave.~~

~~The Employee is entitled to return to work in the same position and at the same rate of pay the employee was receiving prior to commencement of the leave. Group insurance coverage will remain available during the unpaid leave, with the employee being responsible for his/her share of the costs.~~

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Full time benefited employees are entitled to paid parental leave in connection with the birth or adoption of a child. Parenting leave may not exceed twelve consecutive weeks or 12 weeks total and must be expensed by the one-year birthdate or anniversary date of adoption. Expecting parents are required to notify supervisor of intentions to exercise the benefit a minimum of 30 days prior to anticipated use of leave. Once notified, the City will seek to run any State or Federal programs/laws and/or private coverage in concurrence with the City benefit.

At the employer’s expense, the employee is eligible for the following:
-6weeks paid time off at 100% current rate of pay.
-Insurance coverage under the agreed upon terms of general employment.
-Up to 6 additional weeks at 50% current rate of pay.

The first 6 weeks will be considered short term leave. In the event of a cesarean section, or other medical or circumstantial complications, the employee will be afforded an additional 2 weeks leave but will not be compensated at 100% rate of pay. During the short-term leave period, the employee will have no obligation to work, respond to emails/phone calls/correspondence or attend meetings or functions. The leave must be used consecutively.

Transition Back to Work

To be eligible to transition back to work, employee must first provide medical clearance to do so. For the remainder of the following year period, the employee is eligible for increased accommodation for work scheduling as well as 50% rate of pay. At this time the employee is required to enter into an agreed upon "Transition Back to Work" plan with their supervisor. During this time, the employee is expected to be reasonably accessible, work with their supervisor to establish a hybrid schedule including work-from-home, attend agreed upon meetings/obligations and otherwise fulfill duties associated with their position while also tending to familial needs and receiving of the partial paid benefit. During this time, the employee may self-elect to return to work at full capacity and pay.

Fringe Benefit Accrual & Use while on Parental Leave

Employees will not accrue paid time off while they are on parental leave. Employees are not required to use paid time off during parental leave but may use paid time off at their discretion to cover any gap between the city benefit and coverage provided by employee elected gap insurance. In no instance, can the employee be compensated at a higher rate than their current rate of pay or extend or other be stacked beyond the 12 week maximum period. Additional benefits afforded to the employee under general terms of employment such as stipends will be prorated based on their leave status.

**OLD BUSINESS**

None.

**ADMINISTRATORS REPORT**

None.

**ADJOURN**

The meeting was adjourned unanimously at 7:38pm.

Attest – City Administrator/Clerk

Mayor

# Howard Lake Wine & Spirits

## Profit & Loss Statement

for the period 10/1/2021 to 10/31/2021

| SALES | Mnthly Amnt | YTD Amount | Budget | % of Budget | 2020 Mnthly Amt | 2020 YTD Amt | +/- Pr Yr |
|---|---|---|---|---|---|---|---|
| Liquor | $ 26,693 | $ 282,620 | $ 397,000 | 71% | $ 29,719 | $ 292,793 | $ (10,172) |
| Beer | $ 42,135 | $ 471,359 | $ 675,000 | 70% | $ 50,646 | $ 520,322 | $ (48,963) |
| Wine | $ 6,958 | $ 71,852 | $ 102,000 | 70% | $ 7,841 | $ 79,122 | $ (7,270) |
| Discounts | $ (1,112) | $ (12,247) | $ (18,000) | 68% | $ (1,099) | $ (13,173) | $ 926 |
| Misc(Pop/Mixes/Tobaco) | $ 1,329 | $ 15,905 | $ 33,600 | 47% | $ 1,926 | $ 22,587 | $ (6,682) |
| Non Tax | $ 665 | $ 10,264 | $ 14,400 | 71% | $ 1,160 | $ 15,668 | $ (5,404) |
| Loyalty Program | $ (21) | $ (258) | $ (3,000) | 9% | $ (3,819) | $ (14,039) | $ 13,782 |
| On Sale Revenue - SSEC | $ 3,874 | $ 11,590 | | | $ (219) | $ 1,001 | |
| Other Revenue | $ 19 | $ 195 | | | $ 7 | $ 153 | |
| **TOTAL SALES** | $ 80,540 | $ 851,281 | $ 1,201,000 | 71% | $ 86,163 | $ 904,434 | $ (63,784) |
| **COST OF SALES** | | | | | | | |
| Liquor | $ 19,662 | $ 196,250 | $ 228,000 | 86% | $ 18,673 | $ 201,045 | $ (4,795) |
| Beer | $ 31,596 | $ 362,308 | $ 532,000 | 68% | $ 39,737 | $ 407,144 | $ (44,836) |
| Wine | $ 3,969 | $ 47,433 | $ 66,000 | 72% | $ 5,682 | $ 54,257 | $ (6,824) |
| Misc Tax | $ 1,280 | $ 14,374 | $ 17,500 | 82% | $ 1,850 | $ 14,308 | $ 66 |
| Misc Non Tax | $ - | $ 179 | $ 8,500 | 2% | $ - | $ 7,594 | $ (7,416) |
| Freight | $ 397 | $ 5,204 | $ 8,000 | 65% | $ 461 | $ 6,614 | $ (1,410) |
| **TOTAL COST OF SALES** | $ 56,904 | $ 625,748 | $ 860,000 | 73% | $ 66,404 | $ 690,961 | $ (65,214) |
| **GROSS PROFIT** | $ 23,635 | $ 225,533 | | | | | |
| **EXPENSES** | | | | | | | |
| Wages/Benefits | $ 12,849 | $ 130,283 | $ 171,825 | 76% | $ 10,975 | $ 120,583 | $ 9,700 |
| Consulting | $ 1,000 | $ 9,100 | $ 12,000 | 76% | $ 700 | $ 5,600 | $ 3,500 |
| Training & Seminars | $ - | $ 60 | $ 1,000 | 6% | $ - | $ 240 | $ (180) |
| Travel | $ 85 | $ 551 | $ 1,000 | 55% | $ 83 | $ 766 | $ (215) |
| Dues & Subscriptions | $ - | $ 820 | $ 1,000 | 82% | $ - | $ 800 | $ 20 |
| Cash Short/Over | $ 23 | $ 79 | $ - | | $ 76 | $ 126 | $ (48) |
| Credit Card Expense | $ 1,756 | $ 15,724 | $ 18,000 | 87% | $ 1,806 | $ 14,736 | $ 989 |
| Insurance | $ - | $ 9,636 | $ 9,300 | 104% | $ - | $ 7,739 | $ 1,896 |
| Repair & Maintenance | $ 569 | $ 10,004 | $ 8,000 | 125% | $ - | $ 1,251 | $ 8,753 |
| Computer Supplies/Technology | $ 35 | $ 3,561 | $ 4,500 | 79% | $ 607 | $ 9,324 | $ (5,763) |
| Utilities | $ 900 | $ 9,969 | $ 12,000 | 83% | $ 638 | $ 7,009 | $ 2,960 |
| Advertising | $ - | $ 2,099 | $ 2,500 | 84% | $ - | $ 2,039 | $ 60 |
| Misc | $ 690 | $ 2,941 | $ 5,000 | 59% | $ 1,624 | $ 12,055 | $ (9,114) |
| Depreciation | $ 625 | $ 6,250 | $ 7,500 | 83% | $ 625 | $ 6,250 | $ - |
| **TOTAL EXPENSES** | $ 18,531 | $ 201,076 | $ 253,625 | 79% | $ 17,133 | $ 188,518 | $ 12,558 |
| **PROFIT/(LOSS)** | $ 5,104 | $ 24,457 | | | $ 2,626 | $ 24,954 | |

# South Shore Event Center

# Profit & Loss Statement

for the period 10/1/2021 to 10/31/2021

| SALES | Mnthly Amnt | YTD Amount | Budget | % of Budget |
|---|---|---|---|---|
| Rental | $ 820 | $ 8,870 | | |
| Security | $ 360 | $ 1,876 | | |
| Staff - On Sale | $ 425 | $ 1,860 | | |
| Miscellaneous On Sale | $ 148 | $ 817 | | |
| Liquor/Beer/Wine On Sale | $ 3,300 | $ 8,719 | | |
| **TOTAL SALES** | $ 5,054 | $ 22,141 | $ - | |

| EXPENSES | | | | |
|---|---|---|---|---|
| Wages | $ 365 | $ 3,452 | | |
| Equipment | $ - | $ 1,862 | | |
| Insurance | $ - | $ - | | |
| Repair & Maintenance | $ - | $ 2,340 | | |
| Computer Supplies/Technology | $ - | $ - | | |
| Utilities | $ 73 | $ 743 | | |
| Advertising | $ - | $ 1,773 | | |
| Misc | $ 746 | $ 7,553 | | |
| **TOTAL EXPENSES** | $ 1,184 | $ 17,723 | $ - | |
| **PROFIT/(LOSS)** | $ 3,869 | $ 4,418 | | |

| | Month | Year to Date |
|---|---|---|
| Weekday Event | 2 | 12 |
| Weekend Event (Single Day) | 2 | 17 |
| Whole Weekend | 2 | 6 |
| | 6 | 35 |

# CITY OF HOWARD LAKE

## CLAIMS & DONATIONS APPROVED

## DATE - November 16, 2021

| | | | |
|---|---|---|---|
| GENERAL FUND | CHECKS: | 58540 – 58659 | $1,043,026.90 |
| PAYROLL | | 26978-26991, 501687 – 501734 | 47,628.78 |
| ELECTRONIC | | 1062-1078 | 41,424.20 |
| TOTAL | | | $1,132,079.88 |
| AMBULANCE CLMS | CHECKS: | 5794-5802 | $9,720.85 |
| ELECTRONIC | | | |
| TOTAL | | | $9,720.85 |

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**1010 CITIZEN ALLIANCE**

| | | | | |
|---|---|---|---|---|
| 1062e | INTERNAL REVENUE SERVICE | 10/20/2021 | $6,103.36 | |
| 1063e | MN DEPT OF REVENUE | 10/20/2021 | $1,131.68 | |
| 1064e | PERA | 10/20/2021 | $5,658.60 | |
| 1065e | FURTHER | 10/20/2021 | $462.53 | |
| 1066e | MN DEPT OF REVENUE | 11/2/2021 | $1,527.00 | UB SALES TAX Oct 2021 |
| 1067e | MN DEPT OF REVENUE | 11/2/2021 | $7,448.00 | HLWS Sales Tax October 2021 |
| 1068e | INTERNAL REVENUE SERVICE | 11/3/2021 | $7,168.31 | |
| 1069e | MN DEPT OF REVENUE | 11/3/2021 | $1,256.45 | |
| 1070e | PERA | 11/3/2021 | $5,716.10 | |
| 1071e | FURTHER | 11/3/2021 | $462.53 | |
| 1072e | CITY OF BUFFALO | 11/4/2021 | $60.00 | ACCT# 26-022950-00 |
| 1073e | HEARTLAND PYMT SERVICES | 11/4/2021 | $1,590.33 | |
| 1074e | LS WEEKEND CASH | 11/4/2021 | $2,000.00 | |
| 1075e | AUTHNET GATEWAY BILLING | 11/4/2021 | $20.00 | |
| 1076e | PSN | 11/4/2021 | $739.64 | |
| 1077e | RADIANT SYSTEMS | 11/4/2021 | $145.65 | |
| 1078e | CITIZENS ALLIANCE BANK | 11/4/2021 | ($65.98) | ACH Origination Fee |
| 26978 | GOEPFERT, THOMAS | 10/22/2021 | $710.58 | |
| 26979 | MILLER, EDWARD M | 10/22/2021 | $192.23 | |
| 26980 | BONNICK, STEVEN | 10/22/2021 | $392.90 | |
| 26981 | CHAFFINS, GORDON | 10/22/2021 | $90.05 | |
| 26982 | GOEPFERT, THOMAS | 11/5/2021 | $1,113.79 | |
| 26983 | BOBROWSKE, KURT | 11/5/2021 | $230.87 | |
| 26984 | DRUSCH, JACOB D | 11/5/2021 | $387.96 | |
| 26985 | MAGES, ALEX | 11/5/2021 | $176.21 | |
| 26986 | PETERSON, JEREMY | 11/5/2021 | $69.26 | |
| 26987 | SHEROD, JOSEPH L. | 11/5/2021 | $92.35 | |
| 26988 | STOLL, ERIC | 11/5/2021 | $158.74 | |
| 26989 | WIECH, KYLE | 11/5/2021 | $233.96 | |
| 26990 | MILLER, EDWARD M | 11/5/2021 | $110.29 | |
| 26991 | BONNICK, STEVEN | 11/5/2021 | $586.93 | |
| 58540 | BOARMAN KROOS VOGEL GRO | 10/20/2021 | $397.84 | Fire Station Study |
| 58541 | DELANO RENTAL, INC | 10/20/2021 | $174.56 | |
| 58542 | FRONT LINE PLUS FIRE & RESC | 10/20/2021 | $52,760.00 | |
| 58543 | GREATER MN COMMUNICATION | 10/20/2021 | $240.00 | Envelopes |
| 58544 | IAPE | 10/20/2021 | $395.00 | Johnson, Jacob |
| 58545 | ICMA | 10/20/2021 | $905.13 | |
| 58546 | ISD #2687 | 10/20/2021 | $8,148.84 | Wages Summer Rec |
| 58547 | JOE'S SPORT SHOP | 10/20/2021 | $1,092.75 | |
| 58548 | KARELS TOWING | 10/20/2021 | $170.22 | Golf Cart |
| 58549 | METRO WEST INSPECTION SER | 10/20/2021 | $3,141.95 | |
| 58550 | MN DEPT OF AGRICULTURE | 10/20/2021 | $25.00 | |
| 58551 | MUNSON LAKES NUTRITION | 10/20/2021 | $371.22 | |
| 58552 | PAUMEN COMPUTER SERVICES | 10/20/2021 | $713.04 | |
| 58553 | JILL PAVLISH | 10/20/2021 | $250.00 | SSEC Damage Deposit |
| 58554 | STREICHER'S | 10/20/2021 | $47.96 | |
| 58555 | WRIGHT HENNEPIN ELECTRIC | 10/20/2021 | $6,680.00 | |
| 58556 | CAFFERTY, JANET | 10/21/2021 | $142.19 | |
| 58557 | HOWARD LAKE POSTMASTER | 10/21/2021 | $330.00 | October UB Mailing |
| 58558 | ARCTIC GLACIER ICE, INC | 11/2/2021 | $250.20 | |
| 58559 | BELLBOY CORPORATION | 11/2/2021 | $834.04 | |
| 58560 | ANDYS PLUMBING LLC | 10/27/2021 | $254.00 | |
| 58561 | AVS INC | 10/27/2021 | $8,290.46 | PACT10 Upgrade |
| 58562 | BOTACH INC | 10/27/2021 | $214.96 | |

| | | | | |
|---|---|---|---|---|
| 58563 | CENTERPOINT ENERGY | 10/27/2021 | $209.56 | |
| 58564 | DAKOTA SUPPLY GROUP | 10/27/2021 | $152,100.70 | |
| 58565 | EARTHLINK INC | 10/27/2021 | $12.95 | |
| 58566 | EDUCATION & TRAINING SERVI | 10/27/2021 | $499.00 | Jared Merges |
| 58567 | HALVORSON, LANGEMO & PASC | 10/27/2021 | $9,940.25 | |
| 58568 | TRACY KLENDA | 10/27/2021 | $7.45 | Utility Reimbursement |
| 58569 | DENNIS MCKIBBEN | 10/27/2021 | $169.00 | Utility Reimbursement |
| 58570 | MENARDS-BUFFALO | 10/27/2021 | $156.86 | |
| 58571 | MN CITY/CITY MANAGEMENT AS | 10/27/2021 | $135.77 | Annual Membership - Nick Haggenmiller |
| 58572 | MN VALLEY TESTING LAB | 10/27/2021 | $43.00 | |
| 58573 | MUMFORD SANITATION | 10/27/2021 | $11,304.75 | COMPOST LEASE |
| 58574 | NELSON ELECTRIC MOTOR REP | 10/27/2021 | $337.50 | |
| 58575 | NORTHLAND TRUST SERVICES, | 10/27/2021 | $521,262.50 | Series 2009A Interest |
| 58576 | PLUNKETT'S PEST CONTROL | 10/27/2021 | $70.60 | |
| 58577 | SPRINT | 10/27/2021 | $308.42 | |
| 58578 | STREICHER'S | 10/27/2021 | $302.99 | |
| 58579 | VERIZON | 10/27/2021 | $80.02 | |
| 58580 | VISA | 10/27/2021 | $3,541.18 | |
| 58581 | WASTEWATER COMMISSION | 10/27/2021 | $50,763.03 | September Less Forsmans |
| 58582 | FLOOR VALUE | 11/1/2021 | $3,152.03 | |
| 58583 | BREAKTHRU BEVERAGE | 11/2/2021 | $305.54 | |
| 58584 | C & L DISTRIBUTING | 11/2/2021 | $632.40 | Beer |
| 58585 | CAPITOL BEVERAGE SALES | 11/2/2021 | $7,648.70 | Credit |
| 58586 | DAHLHEIMER BEVERAGE, LLC | 11/2/2021 | $6,118.30 | |
| 58587 | JOHNSON BROTHERS LIQUOR C | 11/2/2021 | $3,174.86 | |
| 58588 | LOCHER BROS, INC | 11/2/2021 | $8,575.45 | |
| 58589 | MILLNER HERITAGE | 11/2/2021 | $315.00 | |
| 58590 | PHILLIPS WINE & SPIRITS | 11/2/2021 | $4,118.05 | |
| 58591 | VINOCOPIA, INC | 11/2/2021 | $253.65 | |
| 58592 | AVS INC | 11/3/2021 | $1,734.94 | |
| 58593 | KEITH BOBROWSKE | 11/3/2021 | $65.00 | Cell Phone Allowance - November |
| 58594 | BOLTON & MENK, INC | 11/3/2021 | $6,863.72 | |
| 58595 | CENTERPOINT ENERGY | 11/3/2021 | $29.78 | |
| 58596 | CENTURYLINK | 11/3/2021 | $626.43 | |
| 58597 | CINTAS | 11/3/2021 | $974.61 | |
| 58598 | DAVIS CONSTRUCTION COMPA | 11/3/2021 | $2,800.00 | |
| 58599 | GOPHER STATE ONE-CALL, INC | 11/3/2021 | $52.65 | |
| 58600 | H.H.H. INCORPORATED | 11/3/2021 | $255.75 | Special Vehicle tags 2022 |
| 58601 | NICK HAGGENMILLER | 11/3/2021 | $445.00 | Reimbursment - Halloween items |
| 58602 | HALVORSON LEGAL | 11/3/2021 | $1,185.19 | |
| 58603 | HAWKINS, INC | 11/3/2021 | $1,625.02 | |
| 58604 | HERALD JOURNAL PUBLISHING | 11/3/2021 | $231.84 | |
| 58605 | HOWARD LAKE FOODS | 11/3/2021 | $209.32 | |
| 58606 | JOE'S SPORT SHOP | 11/3/2021 | $936.33 | |
| 58607 | MYRA LAWAY | 11/3/2021 | $168.34 | CELL PHONE - November |
| 58608 | MARCO TECHNOLOGIES LLC | 11/3/2021 | $416.54 | |
| 58609 | DEBRA MCALPINE | 11/3/2021 | $65.00 | Laundry, etc Reimbursement - November |
| 58610 | MEDIACOM LLC | 11/3/2021 | $206.90 | |
| 58611 | MENARDS-BUFFALO | 11/3/2021 | $111.29 | |
| 58612 | JARED MERGES | 11/3/2021 | $65.00 | Cell Allowance - November |
| 58613 | MIDWEST MACHINERY CO | 11/3/2021 | $2,245.70 | PO# 08371453 |
| 58614 | 536600-NCPERS GROUP LIFE IN | 11/3/2021 | $32.00 | |
| 58615 | CLAYTON PRESTIDGE | 11/3/2021 | $65.00 | CELL PHONE - November |
| 58616 | STANLEY, BRIDGET | 11/3/2021 | $65.00 | CELL ALLOWANCE - November |
| 58617 | STREICHER'S | 11/3/2021 | $1,855.88 | |

| | | | | |
|---|---|---|---|---|
| 58618 | JASON SWANSON | 11/3/2021 | $1,900.00 | November 2021 |
| 58619 | SWEEPER SERVICES | 11/3/2021 | $1,330.90 | |
| 58620 | TRI-CO TREE MOVERS, INC | 11/3/2021 | $3,655.00 | |
| 58621 | US BANK | 11/3/2021 | $500.00 | Fiscal Agent Fee Bond 2019A |
| 58622 | WASTEWATER COMMISSION | 11/3/2021 | $70,974.21 | Forsmans July 2021 |
| 58623 | XCEL ENERGY | 11/3/2021 | $80.06 | |
| 58624 | ZIEGLER INC | 11/3/2021 | $438.09 | |
| 58625 | BREAKTHRU BEVERAGE | 11/10/2021 | $684.30 | |
| 58626 | CARLSONSV CPAS & ADVISORS | 11/10/2021 | $135.00 | |
| 58627 | CITY OF ANNANDALE | 11/10/2021 | $416.67 | |
| 58628 | COKATO MOTOR SALES, INC | 11/10/2021 | $63.65 | |
| 58629 | COURI, & RUPPE, P.L.L.P. | 11/10/2021 | $832.50 | |
| 58630 | DAHLHEIMER BEVERAGE, LLC | 11/10/2021 | $3,131.70 | |
| 58631 | DAKOTA SUPPLY GROUP | 11/10/2021 | $25,841.10 | |
| 58632 | JOSH DALBEC | 11/10/2021 | $36.99 | Reimbursement |
| 58633 | FINKEN WATER CENTERS | 11/10/2021 | $26.60 | |
| 58634 | FURTHER | 11/10/2021 | $2.40 | |
| 58635 | GRANITE ELECTRONICS | 11/10/2021 | $527.08 | |
| 58636 | HEIMAN FIRE EQUIPMENT, INC | 11/10/2021 | $2,883.05 | |
| 58637 | HL PIT STOP | 11/10/2021 | $627.48 | |
| 58638 | HOLT MOTORS INC. | 11/10/2021 | $1,877.23 | |
| 58639 | HOWARD LAKE FOODS | 11/10/2021 | $6.94 | |
| 58640 | JOHNSON BROTHERS LIQUOR C | 11/10/2021 | $523.02 | |
| 58641 | JOSEPH MULLIN TRUCKING, INC | 11/10/2021 | $1,121.25 | |
| 58642 | MYRA LAWAY | 11/10/2021 | $8.00 | Reimbursement |
| 58643 | MED COMPASS | 11/10/2021 | $1,720.00 | |
| 58644 | MENARDS-BUFFALO | 11/10/2021 | $158.40 | |
| 58645 | METRO WEST INSPECTION SER | 11/10/2021 | $1,648.72 | |
| 58646 | MIDWEST MACHINERY CO | 11/10/2021 | $4.76 | |
| 58647 | MN PEIP | 11/10/2021 | $17,396.27 | |
| 58648 | MN STATE FIRE DEPT ASSOC | 11/10/2021 | $225.00 | 2022 Membership dues |
| 58649 | MN VALLEY TESTING LAB | 11/10/2021 | $48.00 | |
| 58650 | PAUSTIS WINE COMPANY | 11/10/2021 | $187.50 | |
| 58651 | PHILLIPS WINE & SPIRITS | 11/10/2021 | $1,086.27 | |
| 58652 | PLUNKETT'S PEST CONTROL | 11/10/2021 | $111.28 | |
| 58653 | PRO HYDRO TESTING | 11/10/2021 | $2.80 | |
| 58654 | SOUTHERN GLAZER WINE & SPI | 11/10/2021 | $394.50 | |
| 58655 | ST. PAUL FESTIVAL | 11/10/2021 | $475.00 | |
| 58656 | STANLEY, BRIDGET | 11/10/2021 | $24.64 | Reimbursement |
| 58657 | THAT CHICK WITH A CAMERA | 11/10/2021 | $200.00 | |
| 58658 | VERIZON CONNECT NWF, INC | 11/10/2021 | $97.14 | |
| 58659 | XCEL ENERGY | 11/10/2021 | $6,922.30 | |
| 501687e | HAGGENMILLER, NICHOLAS A | 10/22/2021 | $3,039.01 | |
| 501688e | MERGES, JARED M | 10/22/2021 | $759.24 | |
| 501689e | THEISEN, MEAGAN | 10/22/2021 | $1,734.74 | |
| 501690e | ZANDER, SHARI | 10/22/2021 | $1,374.44 | |
| 501691e | PRESTIDGE, CLAYTON P | 10/22/2021 | $1,338.39 | |
| 501692e | STANLEY, BRIDGET | 10/22/2021 | $1,182.16 | |
| 501693e | GILYARD, JODI | 10/22/2021 | $241.40 | |
| 501694e | LAWAY, MYRA | 10/22/2021 | $1,723.15 | |
| 501695e | LINDER, EMILY | 10/22/2021 | $137.20 | |
| 501696e | MCALPINE, DEBRA-ANN | 10/22/2021 | $1,310.84 | |
| 501697e | MCALPINE, LEXI | 10/22/2021 | $89.91 | |
| 501698e | REMER, TANYA M | 10/22/2021 | $240.85 | |
| 501699e | HAGLIN, SERENA P | 10/22/2021 | $214.10 | |

| | | | |
|---|---|---|---|
| 501700e | JOHNSON, JACOB D | 10/22/2021 | $1,630.97 |
| 501701e | PREUSSE, MITCHELL D | 10/22/2021 | $391.87 |
| 501702e | SZCZEPANIK, DARIUSZ J | 10/22/2021 | $1,800.23 |
| 501703e | THOMPSON, DAVID G | 10/22/2021 | $2,044.51 |
| 501704e | THOMPSON, KYLE | 10/22/2021 | $346.18 |
| 501705e | WILLIAMS, HUNTER L | 10/22/2021 | $553.98 |
| 501706e | HAGGENMILLER, NICHOLAS A | 11/5/2021 | $3,039.01 |
| 501707e | MERGES, JARED M | 11/5/2021 | $1,632.21 |
| 501708e | THEISEN, MEAGAN | 11/5/2021 | $1,734.74 |
| 501709e | ZANDER, SHARI | 11/5/2021 | $1,259.30 |
| 501710e | PRESTIDGE, CLAYTON P | 11/5/2021 | $1,365.89 |
| 501711e | STANLEY, BRIDGET | 11/5/2021 | $1,182.16 |
| 501712e | BERG, TIMOTHY W | 11/5/2021 | $207.79 |
| 501713e | BOBROWSKE, KEITH | 11/5/2021 | $161.61 |
| 501714e | BRAVINDER, SETH Z | 11/5/2021 | $161.61 |
| 501715e | DALBEC, JOSHUA S | 11/5/2021 | $272.46 |
| 501716e | KITTOCK, BRIAN | 11/5/2021 | $92.35 |
| 501717e | KITTOCK, NICOLE D | 11/5/2021 | $313.22 |
| 501718e | LOEBERTMANN, AMANDA G | 11/5/2021 | $323.22 |
| 501719e | LOEBERTMANN, CRAIG | 11/5/2021 | $23.09 |
| 501720e | PETERSON, DAVID T | 11/5/2021 | $346.31 |
| 501721e | STUEVEN, MARK J | 11/5/2021 | $46.17 |
| 501722e | YOKIEL, ANDREW J | 11/5/2021 | $368.70 |
| 501723e | GILYARD, JODI | 11/5/2021 | $236.01 |
| 501724e | LAWAY, MYRA | 11/5/2021 | $1,706.42 |
| 501725e | LINDER, EMILY | 11/5/2021 | $204.69 |
| 501726e | MCALPINE, DEBRA-ANN | 11/5/2021 | $1,090.24 |
| 501727e | REMER, TANYA M | 11/5/2021 | $226.52 |
| 501728e | HAGLIN, SERENA P | 11/5/2021 | $192.55 |
| 501729e | JOHNSON, JACOB D | 11/5/2021 | $1,630.97 |
| 501730e | PREUSSE, MITCHELL D | 11/5/2021 | $972.74 |
| 501731e | STENDER, KOREY D | 11/5/2021 | $116.41 |
| 501732e | SZCZEPANIK, DARIUSZ J | 11/5/2021 | $1,800.23 |
| 501733e | THOMPSON, DAVID G | 11/5/2021 | $2,044.51 |
| 501734e | THOMPSON, KYLE | 11/5/2021 | $178.36 |
| | | **Total Checks** | $1,132,079.88 |

# CITY OF HOWARD LAKE

## *Check Summary Register©

**Checks 10/19/2021 - 11/10/2021**

| | Name | Check Date | Check Amt | |
|---|---|---|---|---|
| **1012** | **CAB - AMBULANCE** | | | |
| 5794 | VISA | 10/27/2021 | $518.45 | |
| 5795 | ALLINA HEALTH EMS | 11/10/2021 | $200.00 | |
| 5796 | BOUNDTREE MEDICAL | 11/10/2021 | $1,656.05 | |
| 5797 | CENTRAL MCGOWAN, INC | 11/10/2021 | $26.63 | |
| 5798 | CITY OF HOWARD LAKE | 11/10/2021 | $4,150.00 | HL Ambulance Wages |
| 5799 | JERRY'S TRANSMISSIONS SERV | 11/10/2021 | $869.01 | |
| 5800 | JOE'S SPORT SHOP | 11/10/2021 | $279.09 | |
| 5801 | RIDGEVIEW MEDICAL CENTER | 11/10/2021 | $1,200.00 | |
| 5802 | ZOLL MEDICAL CORPORATION | 11/10/2021 | $821.62 | |
| | | **Total Checks** | $9,720.85 | |

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** Consider Accepting Various Personnel Appointments

**SECTION:** Consent

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

**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:

Hired – James Ottenstroer – Public Works PT

**DECISION MAKING METRICS:**

**FINANCIAL:** This position is budgeted as part of the 2021 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

## NOVEMBER 16, 2021

**AGENDA ITEM:** Consider Resolution Certifying Delinquent Utility Fees and Charges to Property Taxes

**SECTION:** Consent

**FROM:** Shari Zander, Accountant/Treasurer

---

**BACKGROUND:** The resolution and attached list identify properties to be assessed for delinquent utilities as outlined in Chapter 10.01 of the City Code. Utility accounts are more than 60 days past due. All property owners included on the assessment roll were sent notices and given the opportunity to pay their bill by November 16, 2021. A current list of outstanding charges is included in Exhibit A of the resolution, which will be made available at the meeting.

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**DECISION MAKING METRICS:**

**FINANCIAL:** Included on Exhibit A of the attached Resolution.

**LEGAL:** The assessment procedure is stipulated in Chapter 10.01 of City Code.

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

---

**COUNCIL ACTION REQUESTED:** Adopt Resolution 20-18 Certifying Delinquent Utility Fees and Charges to Property Taxes.

**ATTACHMENTS:**

1. Resolution

**CITY OF HOWARD LAKE**
**21-22**

**RESOLUTION ADOPTING ASSESSMENT LIST FOR UNPAID CHARGES**

**WHEREAS**, the City of Howard Lake has the ability to levy assessment for certain unpaid items; and

**WHEREAS**, notices were sent to property owners with delinquent utilities and/or unpaid invoices, and property owners were allowed to respond; and

**WHEREAS**, the properties listed in the attached Exhibit A have unpaid charges as noted.

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Howard Lake hereby assesses unpaid charges against properties as listed in Exhibit A and made a part hereof, with an interest rate of 12% to be payable with 2022 property taxes.

PASSED AND ADOPTED this 16th day of November 2021.

_________________________
Peter Zimmerman, Mayor

ATTEST:

___________________________
Nicholas Haggenmiller, City Administrator-Clerk

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** Consider Resolution Designating a Polling Place

**SECTION:** Consent

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

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**BACKGROUND:** In 2017, the State Legislature amended Minnesota Statute § 204B.16 Subd. 1 requiring all municipalities to designate a polling place annually by December 31 of each year. The City has historically held elections in City Hall. The proposed resolution would not change any election operations as it maintains City Hall as the designated polling place. It simply ensures the City remains in compliance with the new requirements in state statute.

---

**DECISION MAKING METRICS:**

**FINANCIAL:** N/A

**LEGAL:** This action follows state statute concerning polling places.

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

---

**COUNCIL ACTION REQUESTED:** Adopt Resolution 21-23 Designating a Polling Place.

**ATTACHMENTS:**

1. Resolution 21-23 Designating Polling Place

**CITY OF HOWARD LAKE**
**RESOLUTION 21-23**

## RESOLUTION DESIGNATING A POLLING PLACE

**WHEREAS,** Minnesota Statute § 204B.16 Subd. 1 was amended by the Minnesota State Legislature during it 2017 regular session to require all municipalities to annually designate a polling place by December 31 of each year for the following calendar year;

**WHEREAS**, the City of Howard Lake designates City Hall at 625 8th Avenue, Howard Lake as the polling place for Precinct 1;

**THEREFORE BE IT RESOLVED**, that the City of Howard Lake designates City Hall at 625 8th Avenue, Howard Lake as the polling place for Precinct 1 for the 2022 calendar year.

PASSED AND ADOPTED this 16th day of November 2021.

__________________________
Peter Zimmerman, Mayor

ATTEST:

____________________________
Nicholas Haggenmiller, City Administrator-Clerk

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** **Consider Change Order #3 for Splash Pad Project**

**SECTION:** NEW BUSINESS

**FROM:** Nick Haggenmiller, City Administrator
Josh Halvorson, City Engineer

---

**BACKGROUND:** The industrial coating applied to the splash pad by the general contractor is defective. In order to correct the issue, the general contractor has agreed to hire the manufacturer of the product and pay for installation. However, the specifications are as such that the cold weather would prevent successful application.

Therefore, the proposed change order extends the substantial completion date of the splash pad to May 27, 2022.

**DECISION MAKING METRICS:**

**FINANCIAL:** There is not a material cost to the city for this change order. The City retains $10,315 or 5% of the contract during this period and until the project is successfully completed.

**LEGAL:** The change order is a change of the original contract entered into by the City and Ashwell Company.

**STRATEGIC PLAN:** Invest and maintain parks and natural resources.

---

**COUNCIL ACTION REQUESTED:** Adopt change order #3 extending the deadline for the splash pad to May 27, 2022.

**ATTACHMENTS:**

1. Memo
2. Change Order #3

2040 Highway 12 East
Willmar, MN 56201-5818

Ph: (320) 231-3956
Fax: (320) 231-9710
Bolton-Menk.com

Real People. Real Solutions.

# MEMORANDUM

**Date**: November 10, 2021

**To**: Nick Haggenmiller **-** City Administrator

**From**: Joshua Halvorson, P.E. **-** City Engineer

**Subject**: Change Order #3
Central Park Improvements – Phase 2 – Splash Pad
City of Howard Lake
BMI Project No.: W14.119617

---

The Construction of the Splash Pad has revealed defective work on the finish surfacing of the concrete. Such work is covered for replacement at no additional cost to the owner. However, due to weather conditions, such work can not progress until spring conditions allow. The attached proposal is a change order to the current contract that gives additional time for substantial completion prior to the Memorial Day Holliday of May 27, 2022 with final completion, payment, and closing the contract by June 15th, 2022 for the Contractor. Currently, 5% retainage in the amount of $10,315 is held and will continue to be held until final completion. I recommend execution of this change order.

Please feel free to contact me if you have further questions.

Attachment: Contract Change Order #3

**CHANGE ORDER NO.: 3**

| | | | |
|---|---|---|---|
| Owner: | City of Howard Lake | Owner's Project No.: | |
| Engineer: | Bolton & Menk, Inc. | Engineer's Project No.: | W14.119617 |
| Contractor: | Ashwill Companies | Contractor's Project No.: | |
| Project: | Central Park Development – Phase 2; Splash Pad | | |
| Contract Name: | Central Park Development – Phase 2; Splash Pad | | |
| Date Issued: | **11-10-2021** | Effective Date of Change Order: | **11-10-2021** |

The Contract is modified as follows upon execution of this Change Order:

Change Substantial and Final Completion Dates to allow Contractor to have Greenstone Polymer Systems Inc. remove existing defective surface finish and install splash pad surface finish per contract agreement and specifications

Attachments: None

| **Change in Contract Price** | **Change in Contract Times** |
|---|---|
| Original Contract Price:<br><br>$ 330,808.72 | Original Contract Times:<br>Substantial Completion: 9/1/2021<br>Ready for final payment: 10/1/2021 |
| **Decrease** from previously approved Change **Orders No. 1 to No. 2:**<br><br>$ -110,886.00 | **Increase** from previously approved Change **Orders No.1 to No. 2:**<br>Substantial Completion: 21 days<br>Ready for final payment: 21 days |
| Contract Price prior to this Change Order:<br><br>$ 219,922.72 | Contract Times prior to this Change Order:<br>Substantial Completion: 9/22/2021<br>Ready for final payment: 10/21/2021 |
| **Increase** this Change Order:<br><br>$ 0.00 | **Increase** this Change Order:<br>Substantial Completion: 247 days<br>Ready for final payment: 237 days |
| Contract Price incorporating this Change Order:<br><br>$ $219,922.72 | Contract Times with all approved Change Orders:<br>Substantial Completion: 5/27/2022<br>Ready for final payment: 6/15/2022 |

| | Recommended by Engineer | Accepted by Contractor |
|---|---|---|
| By: | [signature] | |
| Title: | City Engineer | |
| Date: | 11/10/2021 | |

| | Authorized by Owner |
|---|---|
| By: | |
| Title: | |
| Date: | |

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** **Consider Resolution Adopting TIF Plan & Authorizing Execution of TIF Agreement**

**SECTION:** NEW BUSINESS

**FROM:** Nick Haggenmiller, City Administrator
Shannon Sweeney, David Drown & Associates/Financial Advisor

---

**BACKGROUND:** The City has entered into a partnership with GB Land LLC to develop the remaining 38 parcels in Terning Trails Subdivision. In order to do so, the developer has requested assistance in the form of tax increment financing to offset development expenses in order to maintain affordable parcels for development.

<u>General Terms</u>
The City will create a TIF district for a duration of 20 years and provide assistance up to $1.9Million OR costs incurred in developing the housing project at a rate. These funds would be made available on a pay-as-you-go (PAYGO) term after the taxes have been paid at a rate of 70% developer/30% city retainment.

The developer will be responsible for constructing the necessary street and utilities for the 38 parcels as well as verify income of the first occupant of the homes. Its noted that this rental-occupied units are not eligible for this subsidy. This is both to promote home ownership as well as recognizes the administrative challenges associated with verifying the income annually of rental-occupied units.

**DECISION MAKING METRICS:**

**FINANCIAL:** The legal and consulting fees associated with the creation of the TIF district will be invoiced to the land developer. The financial terms of the increment are detailed above in the background section.

**LEGAL:** The documents needed for this have been prepared by TAFT Law/Mary Ipple and the City Attorney as well as our financial advisor. Notification has been sent to all tax jurisdictions including HLWW Schools and Wright County. Wright County approved a waiver permitting this move forward under an expedited timeline. A public hearing is required to be held by the City Council prior to action.

**STRATEGIC PLAN:** Develop a livable community for All.

---

**COUNCIL ACTION REQUESTED:**

**ATTACHMENTS:**

1. Sweeney Memo
2. Resolution 20-24
3. TIF Plan
4. Development Agreement

**DDA**
**David Drown Associates, Inc.**
**Public Finance Advisors**

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

November 10, 2021

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

Honorable Mayor, Council Members, and Administrator Haggenmiller:

The City of Howard Lake has been working with GB Land, LLC which has recently purchased a portion of the partially completed Terning Trails Subdivision. GB Land, LLC intends to construct owner-occupied housing units on the vacant 38 platted lots. The developer has requested tax increment financing assistance to make the lots more affordable.

Tax Increment Financing or TIF is a tool that captures new property taxes that are generated as a result 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 owner-occupied housing units. The housing unit income restrictions would be applied to the first occupants only, and would include the following for 2021 (adjusted annually):

> Two or fewer occupants: Gross household income of less than the greater of 100% of County or Statewide Median Income (Less than $104,900 for 2021)
>
> Three or more occupants: Gross household income of less than the greater of 115% of County or Statewide Median Income (Less than $120,635 for 2021)

If the developer chooses to sell lots to non-income qualified first occupants, those homes/lots would be removed from the Tax Increment Financing District and would not generate tax increments but would be on the local property tax rolls.

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 November 16, 2021, City Council 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 also 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 and authorizing the execution of a development agreement providing for tax increment assistance.

A summary of the terms of assistance in the development agreement include the following:

The City will agree to the following:

1. The City Council shall create TIF District 1-21 (housing district) for the purpose of providing PAYGO TIF assistance (TIF reimbursement) for a term of up to 20-years. The assistance shall; commence with taxes payable 2024 and consist of 70% of the available increment generated by the project. Said assistance shall not exceed $1,967,627.52 or costs actually incurred in developing the housing project. No interest will be paid on the note.

GB Land, LLC will agree to the following:

1. Complete construction of the public improvements according to the terms of the development agreement.
2. Make all property tax and public utility payments on time and in full.
3. Agree to verify incomes for first occupants of owner-occupied housing.

A copy of the tax increment plan and development agreement (TIF Assistance) are attached for your consideration. 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.

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

HELD: November 16, 2021

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 16th day of November, 2021, 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. 21-24

APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-21
WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1
AND THE ADOPTION OF TAX INCREMENT FINANCING PLAN RELATING THERETO
AND AUTHORIZING EXECUTION OF A TAX INCREMENT FINANCING AGREEMENT

WHEREAS:

A. It has been proposed that the City of Howard Lake, Minnesota (the "City"), create Tax Increment Financing District No. 1-21 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. 1-21 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. 1-21 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. 1-21, 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. <u>Tax Increment Financing District No. 1-21</u>. The City hereby approves the establishment of Tax Increment Financing District No. 1-21 within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.

2. <u>Tax Increment Financing Plan</u>. The Tax Increment Financing Plan are adopted as the tax increment financing plan for Tax Increment Financing District No. 1-21 and the City makes the following findings:

   (a) Tax Increment Financing District No. 1-21 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. 1-21 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 lot cost can be achieved which will enable the developer to secure private financing and sell completed homes at prices generally accepted in the Howard Lake housing market. Without 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 $10,117,360; and

2. The present value of expected tax increments collected over the maximum duration of the TIF District is $2,125,417; and

3. The expected increased estimated market value of the site without the use of tax increment is $750,000, assuming the land is developed for large lot single-family residential purposes.

(c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-21 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. 1-21 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. 1-21 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. 1-21 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 with GB Land, LLC providing specific terms for 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. 1-21 within Municipal Development District No. 1 in the City.

WITNESS my hand this 16th day of November, 2021.

________________________________

City Administrator

DRAFT

# City of Howard Lake, Minnesota

## Tax Increment Financing District No. 1-21

(Terning Trails II - Project)

To be Adopted: November 16, 2021

**DDA**

**David Drown Associates, Inc.**
**Public Finance Advisors**

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Minneapolis, MN 55410
612-920-3320 (phone); 612-605-2375 (fax)
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## TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1-21

# Tax Increment Financing Plan for Tax Increment Financing District No. 1-21

## 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, including GB Land, LLC which is the developer of the proposed project.

“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. 1-21.

“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

GB Land, LLC is proposing to complete the public improvements within and develop owner-occupied and possibly rental housing units on the remaining partially developed lots in the Terning Trails Subdivision. The proposed project will assist in meeting the demand for affordable housing within the City of Howard Lake.

## Section 6 Property to be Included in the TIF District

The TIF District includes vacnt partically developed tax parcels that are in the Terning Trails Subdivision. A map showing the location of the TIF District is provided in Exhibit 1 and the present parcel identification numbers and values are 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: | |
| Housing Project Costs | 2,000,000 |
| Utilities | 320,000 |
| Site Improvements | 500,000 |
| Streets & Sidewalks | 500,000 |
| | 3,320,000 |
| Finance Costs | |
| Bond & Note Interest Payments | $655,026 |
| Subtotal Finance Costs | 655,026 |
| Administrative Costs | |
| Administrative costs paid with TIF | $100,000 |
| **Total Uses of Funds** | **$4,075,026** |

**Sources of Funds**

| | |
|---|---|
| Tax Increments | $3,825,026 |
| Interest Earnings | 250,000 |
| **Total Sources of Funds** | **4,075,026** |

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 38 housing units. New infrastructure will be installed/completed to serve a portion of the project by the Developer. 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 $3,825,026 over the life of the TIF District. Assuming current tax rates remain unchanged, $1,829,043 will come from the City share of taxes; $1,101,215 from the County share, and $894,769 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 a complete listing of parcels.

## 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 \$3,320,000 in principal and \$655,026 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, 2021 for taxes payable in 2022 is estimated to be \$117,800. The Original Net Tax Capacity of the TIF District will be approximately \$1,473.

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 2021 is **151.818**%. The final Original Local Tax Rate may be higher or lower than this value as the payable 2022 tax rate will be the frozen rate.

| Taxing Jurisdiction | Payable 2021 Tax Rate |
|---|---|
| City of Howard Lake | 72.596% |
| Wright County | 43.708% |
| ISD # 2687 | 35.514% |
| **Total** | **151.818%** |

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 2024. The District is expected to remain in existence the maximum duration allowed by law (projected to be through 2049). 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 the development in the district is a qualified housing project.

## 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 lot cost can be achieved which will enable the developer to secure private financing and sell completed homes at prices generally accepted in the Howard Lake housing market. Without 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 $10,117,360; and

b. The present value of expected tax increments collected over the maximum duration of the TIF District is $2,125,417; and

c. The expected increased estimated market value of the site without the use of tax increment is $750,000, assuming the land is developed for other purposes.

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.

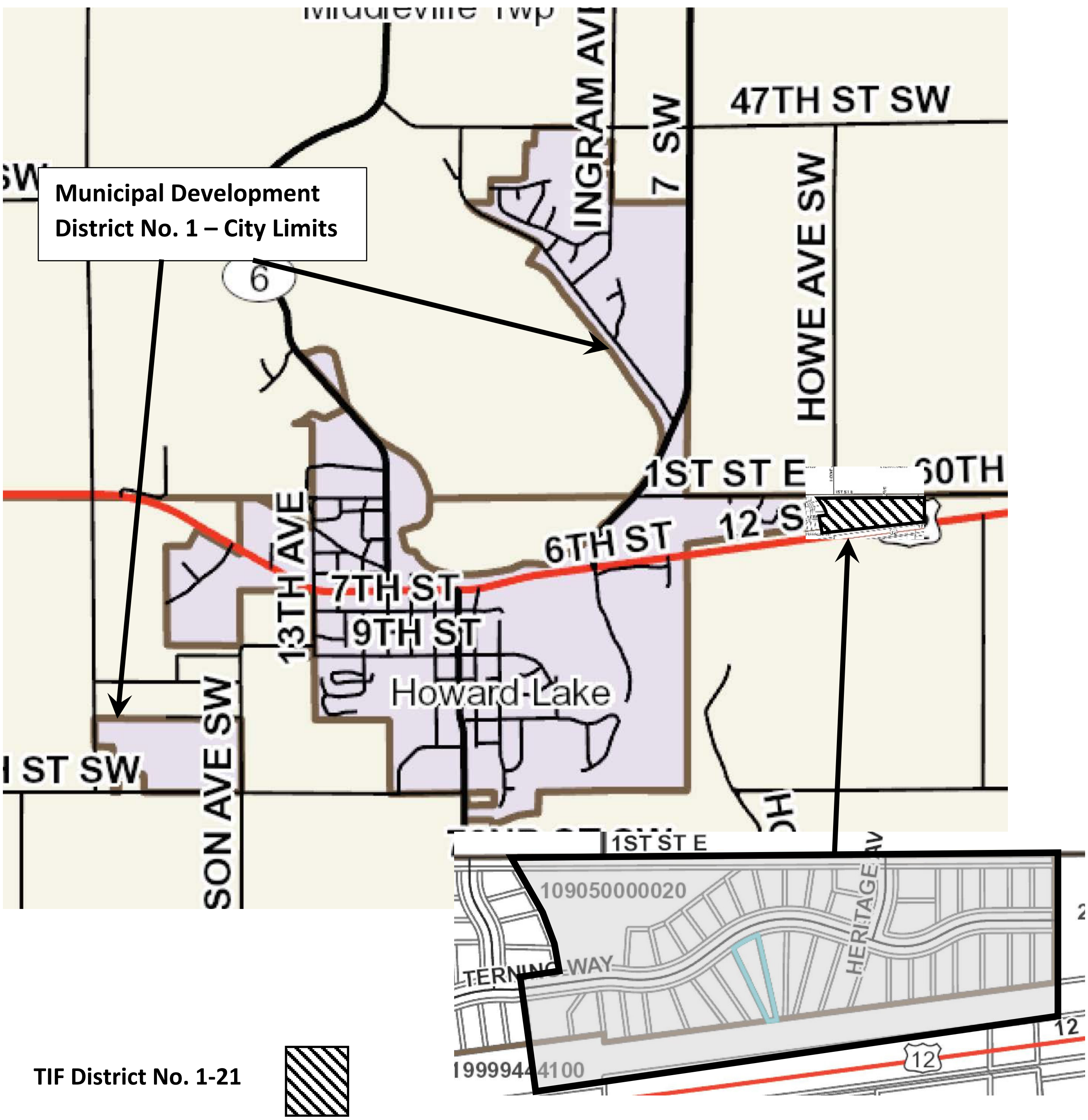
4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

   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. 1-21*




The boundaries of Municipal Development District No. 1 are coterminous with the City Limits.

Exhibit 1

# City of Howard Lake, Minnesota

**Exhibit 2**

## TIF District No. 1-21

## 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 | 109050000030 | 400 | - | 400 | 5 |
| City of Howard Lake | 109050006010 | 2,600 | - | 2,600 | 33 |
| City of Howard Lake | 109050006020 | 3,000 | - | 3,000 | 38 |
| City of Howard Lake | 109050006030 | 2,800 | - | 2,800 | 35 |
| City of Howard Lake | 109050006040 | 3,500 | - | 3,500 | 44 |
| City of Howard Lake | 109050006050 | 3,500 | - | 3,500 | 44 |
| City of Howard Lake | 109050006060 | 3,400 | - | 3,400 | 43 |
| City of Howard Lake | 109050006070 | 3,600 | - | 3,600 | 45 |
| City of Howard Lake | 109050006080 | 3,500 | - | 3,500 | 44 |
| City of Howard Lake | 109050006090 | 3,700 | - | 3,700 | 46 |
| City of Howard Lake | 109050006100 | 3,700 | - | 3,700 | 46 |
| City of Howard Lake | 109050006110 | 4,100 | - | 4,100 | 51 |
| City of Howard Lake | 109050006120 | 3,900 | - | 3,900 | 49 |
| City of Howard Lake | 109050006130 | 3,600 | - | 3,600 | 45 |
| City of Howard Lake | 109050006140 | 2,700 | - | 2,700 | 34 |
| City of Howard Lake | 109050006150 | 2,200 | - | 2,200 | 28 |
| City of Howard Lake | 109050006160 | 2,400 | - | 2,400 | 30 |
| City of Howard Lake | 109050006170 | 3,300 | - | 3,300 | 41 |
| City of Howard Lake | 109050006180 | 3,600 | - | 3,600 | 45 |
| City of Howard Lake | 109050006190 | 3,100 | - | 3,100 | 39 |
| City of Howard Lake | 109050006200 | 3,000 | - | 3,000 | 38 |
| City of Howard Lake | 109050007070 | 2,500 | - | 2,500 | 31 |
| City of Howard Lake | 109050007060 | 2,500 | - | 2,500 | 31 |
| City of Howard Lake | 109050007050 | 3,100 | - | 3,100 | 39 |
| City of Howard Lake | 109050007040 | 2,600 | - | 2,600 | 33 |
| City of Howard Lake | 109050007030 | 3,000 | - | 3,000 | 38 |
| City of Howard Lake | 109050007020 | 3,500 | - | 3,500 | 44 |
| City of Howard Lake | 109050007010 | 3,400 | - | 3,400 | 43 |
| City of Howard Lake | 109050005100 | 3,000 | - | 3,000 | 38 |
| City of Howard Lake | 109050005110 | 2,800 | - | 2,800 | 35 |
| City of Howard Lake | 109050005090 | 2,700 | - | 2,700 | 34 |
| City of Howard Lake | 109050005080 | 2,600 | - | 2,600 | 33 |
| City of Howard Lake | 109050005070 | 2,900 | - | 2,900 | 36 |
| City of Howard Lake | 109050005060 | 3,000 | - | 3,000 | 38 |
| City of Howard Lake | 109050005050 | 2,500 | - | 2,500 | 31 |
| City of Howard Lake | 109050005040 | 2,500 | - | 2,500 | 31 |
| City of Howard Lake | 109050005060 | 2,300 | - | 2,300 | 29 |
| City of Howard Lake | 109050005020 | 2,400 | - | 2,400 | 30 |
| City of Howard Lake | 109050005010 | 2,900 | - | 2,900 | 36 |
| City of Howard Lake | 109050000020 | 2,000 | - | 2,000 | 25 |
| | | 117,800 | - | 117,800 | 1,473 |

## City of Howard Lake, Minnesota
## TIF District No. 1-21

### Tax Increment Projections

#### Valuations & Projected Increases

| | Market | Tax Capacity |
|---|---|---|
| Original Values | 117,800 | 1,473 |
| Increased Value: (36 Owner-Occupied) | 10,235,160 | 102,352 |

#### Tax Rate Assumptions:

| | 2021 Tax Rate |
|---|---|
| City of Howard Lake | 72.596% |
| Wright County | 43.708% |
| School District 2687 | 35.514% |
| Other | 0.000% |
| | 151.818% |

#### 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 | 0.36% State Auditor's Deduction | **TOTAL NET REVENUES** |
|---|---|---|---|---|---|---|---|---|---|---|
| 2022 | 1,473 | 1,473 | - | - | - | 151.82% | | | | |
| 2023 | 1,473 | 1,473 | - | - | - | 151.82% | **-** | - | - | **-** |
| 2024 | 1,473 | 33,776 | 32,304 | - | 32,304 | 151.82% | **49,043** | 490 | 177 | **48,376** |
| 2025 | 1,473 | 67,552 | 66,080 | - | 66,080 | 151.82% | **100,321** | 1,003 | 361 | **98,956** |
| 2026 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2027 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2028 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2029 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2030 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2031 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2032 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2033 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2034 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2035 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2036 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2037 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2038 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2039 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2040 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2041 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2042 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2043 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2044 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2045 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2046 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2047 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2048 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| 2049 | 1,473 | 102,352 | 100,879 | - | 100,879 | 151.82% | **153,153** | 1,532 | 551 | **151,070** |
| | | | | | | | **3,825,026** | **38,250** | **13,770** | **3,773,006** |

**EXHIBIT 3**

## City of Howard Lake, Minnesota
## TIF District No. 1-21

# STATEMENT OF FISCAL AND ECONOMIC IMPACTS OF PROPOSED TIF DISTRICT

| | Without TIF District | | With TIF District | | | | | |
|---|---|---|---|---|---|---|---|---|
| Taxing Jurisdiction | 2021 Taxable Net Tax Capacity(1) | 2021 Local Tax Rate | 2021 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 | 1,611,552 | 72.60% | 1,611,552 | 100,879 | 73,234 | 1,712,431 | 68.319% | 4.277% |
| Wright County | 188,435,241 | 43.71% | 188,435,241 | 100,879 | 44,092 | 188,536,120 | 43.685% | 0.023% |
| School District 2687 | 11,101,409 | 35.51% | 11,101,409 | 100,879 | 35,826 | 11,202,288 | 35.194% | 0.320% |
| Other (2) | -- | 0.00% | -- | - | - | -- | 0.00% | -- |
| Totals | | 151.82% | | | 153,153 | | 147.198% | 4.620% |

**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 $3,825,026.

**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 $1,829,043 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 $894,769 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 $1,101,215.

(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. 1-21

## Market Value Analysis

| | | |
|---|---|---|
| Increased Market Value of Site | $ | 10,117,360 |
| Less Present Value of TIF Revenues | $ | 2,125,417 |
| | $ | 7,991,943 |
| Estimated Increased Site Value w/out TIF | $ | 750,000 |
| Net Value Increase | $ | 7,241,943 |

## Present Value of Tax Increments

| | |
|---|---|
| Calculation Date: | 10/14/2021 |
| Present Value Factor: | 4.00% |

| # | Year | Gross Tax Increment | Present Value |
|---|---|---|---|
| 1 | 2019 | - | - |
| 2 | 2020 | - | - |
| 3 | 2021 | 49,043 | 43,599 |
| 4 | 2022 | 100,321 | 85,755 |
| 5 | 2023 | 153,153 | 125,880 |
| 6 | 2024 | 153,153 | 121,039 |
| 7 | 2025 | 153,153 | 116,383 |
| 8 | 2026 | 153,153 | 111,907 |
| 9 | 2027 | 153,153 | 107,603 |
| 10 | 2028 | 153,153 | 103,464 |
| 11 | 2029 | 153,153 | 99,485 |
| 12 | 2030 | 153,153 | 95,659 |
| 13 | 2031 | 153,153 | 91,980 |
| 14 | 2032 | 153,153 | 88,442 |
| 15 | 2033 | 153,153 | 85,040 |
| 16 | 2034 | 153,153 | 81,769 |
| 17 | 2035 | 153,153 | 78,624 |
| 18 | 2036 | 153,153 | 75,600 |
| 19 | 2037 | 153,153 | 72,693 |
| 20 | 2038 | 153,153 | 69,897 |
| 21 | 2039 | 153,153 | 67,209 |
| 22 | 2040 | 153,153 | 64,624 |
| 23 | 2041 | 153,153 | 62,138 |
| 24 | 2042 | 153,153 | 59,748 |
| 25 | 2043 | 153,153 | 57,450 |
| 26 | 2044 | 153,153 | 55,241 |
| 27 | 2045 | 153,153 | 53,116 |
| 28 | 2046 | 153,153 | 51,073 |
| | | 3,825,026 | 2,125,417 |

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF HOWARD LAKE

AND

GB LAND LLC

This document was drafted by:

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

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# DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 16th day of November, 2021, by and between the City of Howard Lake, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and GB LAND LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, 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 created within the Development District, Tax Increment Financing District No. 1-21 (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 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;

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;

County means Wright County, Minnesota;

Developer means GB LAND LLC, a Minnesota limited liability company, its successors and assigns;

Development District means the real property described in the Development Program;

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

Development Property means the real property legally described in Exhibit A attached to this Agreement as such property may be reduced as provided in Section 3.3;

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

Note Payment Date means August 1, 2024, and each February 1 and August 1 of each year thereafter to and including February 1, 2044; 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 St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of 38 single-family owner-occupied homes located on the Development Property;

Purchaser's Application means the Purchaser's Application in substantially the form attached hereto as Exhibit D;

Site Improvements: means the site improvements to be undertaken on the Development Property as identified on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increments means 70% of the tax increments derived from the Development Property which have been received and retained by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

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

Tax Increment District means Tax Increment Financing District No. 1-21 located within the Development District, the 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 November 16, 2021, and any future amendments thereto;

Termination Date means the earlier of (i) February 1, 2044, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

TIF Note means the Tax Increment Revenue Note (Terning Trails II - Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the 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) 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 the Project and 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 or operating agreement, 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 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) The Developer will use its best efforts to 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.

(5) 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.

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

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

(8) Construction shall begin by June 1, 2022 and the construction of the Project will be substantially completed on or before December 31, 2025, subject to Unavoidable Delays.

(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 construction of the Project and certain Site Improvements as provided in Article III.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Project and Site Improvements. 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 the Project and the Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (A) $1,967,627.52, or (B) the costs of the construction of the Project and the Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Sections 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.

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 Project and the Site Improvements 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 that the Developer has incurred and paid costs of the construction of the Project and the Site Improvements, as described in and limited by Section 3.1; and shall have submitted paid invoices for the costs of construction of the Project and the Site Improvements 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) 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 requirement 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 hereof.

(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; Reduction in Tax Increments. 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. 2 of the Tax Increment Act, the Developer agrees that at least 95% of the owner-occupied units constituting the Project must be initially purchased and occupied by individuals and families whose family income does not exceed the income requirements for qualified mortgage bond projects under Section 143(f) of the Internal Revenue Code, being generally equal to or less than 115% of the applicable median family income for households of 3 or more persons and 100% of that median income for 1 and 2 person households (a "Qualifying Purchaser"). For these purposes, the applicable median family income is the higher of (1) the area median gross income for the area in which the housing is located (being, in 2021, $104,900 for Wright County, which is part of the Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro Fair Market Rent (FMR)/Income Limits Area, and (2) the statewide median gross income (being, in 2021, $93,100 for the metropolitan portions of Minnesota). Therefore, the applicable income limits for 2021 would be $104,900 for a 1 or 2 person household and $120,635 for a household of 3 or more persons. These limits will change accordingly with the annual revisions of the underlying applicable median gross income figures. The Developer covenants to abide by the aforesaid restrictions and agrees not to take or suffer to be taken any actions with respect to the Project which individually or in the aggregate would cause the Tax Increment District not to qualify as a "housing" district under the Tax Increment Act. Prior to the sale of a lot constituting a part of the Development Property, the Developer shall cause the potential purchaser to submit to the City and the City's municipal advisor the Purchaser's Application, in substantially the form attached as Exhibit D, prepared by the potential purchaser. The City will determine whether such potential purchaser will be a Qualifying Purchaser. If the potential purchaser is not a Qualifying Purchaser, the property sold to such non-Qualifying Purchaser shall not be deemed a part of the Development Property to the extent that such sale shall cause the 95% requirement not to be met as such units are sold.

Section 3.5. Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement or title to the property is vested in another person.

The Developer agrees that prior to the Termination Date and with regard to portions of the Development Property owned by the Developer:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property 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, including delinquent tax proceedings with respect to the Development Property; 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 Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date.

Section 3.6. <u>Prohibition Against Transfer of Project and Assignment of Agreement.</u> 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, except to a Purchaser of a housing unit, 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.

## 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 and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property.

(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.

(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.

(4) The holder of any mortgage on that portion of the Development Property owned by the Developer 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 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, trustee or liquidator 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 citing with specificity the item or items of default and notifying the Developer that it has thirty (30) days within which to cure said Event of Default. If the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement 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 releases from and covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any 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, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement.

(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 Project causing the Tax Increment District to not qualify or cease 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 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 in the City within sixty (60) days after the date when such option to terminate my first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its right 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 3.3, 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 heirs and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and shall construct the Project and sell the housing units in accordance with the provisions of Section 3.4 of 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 successors 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:

GB LAND LLC
Attention: Gary Brummer
99 36th Street SW
Montrose, MN 55363

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

City of Howard Lake, Minnesota
Attention: City Administrator/Clerk
Howard Lake City Hall
625 8th Avenue
Howard Lake, MN 55349

With a copy to:

Taft Stettinius & Hollister LLP
Attention: Mary Ippel
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.

Section 6.9. Assignment of TIF Note. The TIF Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld.

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

CITY OF HOWARD LAKE,
MINNESOTA

By____________________________
Its Mayor

By____________________________
Its City Administrator/Clerk

This is a signature page to the Development Agreement by and between the City of Howard Lake and GB LAND LLC.

GB LAND LLC

By__________________________________
Its__________________________________

This is a signature page to the Development Agreement by and between the City of Howard Lake and GB LAND LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Property located in the City of Howard Lake, Wright County, Minnesota with the following parcel identification numbers:

109050000030
109050006010
109050006020
109050006030
109050006040
109050006050
109050006060
109050006070
109050006080
109050006090
109050006100
109050006110
109050006120
109050006130
109050006140
109050006150
109050006160
109050006170
109050006180
109050006190
109050006200
109050007070
109050007060
109050007050
109050007040
109050007030
109050007020
109050007010
109050005100
109050005110
109050005090
109050005080
109050005070
109050005060
109050005050
109050005040
109050005060
109050005020
109050005010
109050000020

EXHIBIT B

FORM OF NOTE

No. R-1 $_______

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

TAX INCREMENT REVENUE NOTE
(TERNING TRAILS II - PROJECT)

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 GB LAND LLC, a Minnesota limited liability company (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 $1,967,627.52 as provided in that certain Development Agreement, dated as of November 16, 2021, as the same may be amended from time to time (the "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, 2024, and on each February 1 and August 1 thereafter to and including February 1, 2044, or if such day should not be a Business Day (as defined in the 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 6 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 70% of tax increments (the "Tax Increments") derived from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District No. 1-21 (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 Development Agreement under Section 4.2(2) thereof, or on the date that all principal and interest 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 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 Development Agreement the City elects to cancel and rescind the 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 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 of Howard Lake, Minnesota, 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 is subject to prepayment in immediately available funds on any date at the option of the City, in whole or in part and without penalty.

This Note may be assigned only with the consent of the City. 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 City Administrator/Clerk and has caused this Note to be dated as of and issued on __________, 20___.

| | |
|---|---|
| City Administrator/Clerk | Mayor |

**DO NOT EXECUTE UNTIL PAID INVOICES FOR THE CONSTRUCTION OF THE PROJECT AND THE SITE IMPROVEMENTS 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 GB LAND LLC 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 CITY ADMINISTRATOR/CLERK |
|---|---|---|
| GB LAND LLC<br>99 36th Street SW<br>Montrose, MN 55363 | | |
| | | |
| | | |
| | | |



71559982v1

EXHIBIT C

SITE IMPROVEMENTS

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

EXHIBIT D

PURCHASER'S APPLICATION

CITY OF HOWARD LAKE, MINNESOTA

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PROPERTY INFORMATION

Legal description of property to be sold: Lot ___________ Block _________

Subdivision _______________________________________________

Parcel Identification No. ______________________ - ________________________________________

Postal Address of Parcel ________________________________________________________________

---

PURCHASER INFORMATION

Name of Purchaser ______________________________________________________________
Current Address ________________________________________________________________

Current Phone # ________________________________________________________________

Number of family members (circle one): 2 or less 3 or more

Annual Household Income* $__________________

**Annual Household Income must be supported by documentation (i.e. copy of most current 1040's, etc.). Failure to provide verification will constitute a "non-qualifying family".*

---

INCOME LIMIT INFORMATION

2021 Income Limitation on families of 2 or less is $104,900.
2021 Income Limitation on families of 3 or more is $120,635.

Does the Purchaser meet these limits and has appropriate documentation been submitted?

______ YES* ______ NO**

---

Signature of Purchaser (s) _________________________ Date _____________________

_________________________ Date _____________________

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** **Consider Purchases for Public Works Department**

**SECTION:** NEW BUSINESS

**FROM:** Nick Haggenmiller, City Administrator
Jared Merges, Public Works Lead

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**BACKGROUND:** Earlier this summer, staff invited League of Minnesota Cities to complete a Safety Assessment of the Public Works facilities. The purpose was to help identify safety hazards and areas of improvement to prioritize prior to a claim or OSHA audit.

The general findings concluded that the public works facilities were in dire need of clean up and organization. Additionally, numerous broken and or inoperable tools and small equipment were identified. There was also a general lack of safety identifiers, equipment and storage facilities.

With the recent hire of a public works lead and the onset of winter, we have the manpower and expertise to begin to address these issues. Staff intends to address this in four phases:

1. Purging excess materials throughout the public works facilities. **[Fall/Winter]**
2. Purchase/assembly/installation of necessary shelving and storage equipment. **[Winter]**
3. Physical reorganization of existing public works facilities based on best use and efficiency. **[Winter/Spring]**
4. Policy implementation: best practices for maintenance, safety data sheets, & labeling. **[Spring/Summer]**

The timeline will be heavily dependent on staff availability as snow removal and the current water meter project will take priority. Additionally, we believe there to be relatively short lead time on the proposed purchases, but this may change.

The following is a list of proposed items and estimated costs associated with each for council consideration.

| DESCRIPTION | COST |
|---|---|
| Pallet Racking | $7,960 |
| Plywood | $1,650 |
| Lumber | $500 |
| Installation/Assembly Crew | $1,500 |
| Fasteners/Hardware & Hooks | $500 |
| Dumpsters | $1,000 |
| Tool Chest | $500 |
| Tools | $500 |
| Ladders | $500 |
| Gas Cans | $850 |
| Rag Storage Containers | $250 |
| Safety Equipment | $1,500 |
| Safety Can Cabinet | $1,700 |
| Paint Can Storage Cabinet | $1,100 |
| Misc/Contingency | $2,000 |
| **TOTAL** | **$22,010** |

**ADDITIONAL CONSIDERATIONS**

Long term, we are hopeful that the efforts completed as part of this project will be both useful and transferable to an eventual new public works facility. A public works space study completed in 2019 suggested an estimated 25,000 square foot facility needed to house the equipment and supplies of the public works department and heated garage space for police squads.

In the very least, we expect the improvements made here will increase safety and buy more time with existing facilities. Ideally, a well run and organized department will also better determine space needs in the future. Example: building a 20,000 square foot facility instead of a 25,000 square foot facility. Similar efforts have been made at city hall including better record retention, purging materials and organizing existing workspaces to be more efficient.

**DECISION MAKING METRICS:**

**FINANCIAL:** An estimated $22,000 to be spent using the City's Facilities Capital Fund.

**LEGAL:** A portion of this project is proposed to be purchased from SJF, a manufacturer that employs Councilor Jason Deiter. He has proactively declared this conflict and will abstain from voting.

Further – the proposed purchases do not require council approval per the purchasing policy. However, the overall intentions and dollar amounts estimated are significant therefore council acknowledgement and approval is considered a best practice.

**STRATEGIC PLAN:** Support, maintain and enhance public facilities and infrastructure.

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**COUNCIL ACTION REQUESTED:** Approve proposed purchases and project as presented.

**ATTACHMENTS:**

1. LMCIT Letter
2. SJF Quote

LEAGUE of MINNESOTA CITIES

July 27, 2021

Nick Haggenmiller- cityadmin@howard-lake.mn.us
City Administrator
**City of Howard Lake**
625 8th Avenue
Howard Lake, MN 55349

**Re: Safety inspection walk-thru held on July 20, 2021**

Dear Mr. Haggenmiller,

On the above date I met with you and Meagan Donahue, Assistant Manager, to discuss loss control topics pertaining to the City of Howard Lake. This was in conjunction with your participation in the League of Minnesota Cities Insurance Trust (LMCIT) property, automobile, liability and/or workers' compensation program.

**Purpose of Visit**
The purpose of my visit was to conduct a safety inspection walk-through in city the street shop and former wastewater treatment plant, to point out potential hazards and violations.

**Observations**
Here are the observations we discussed:

<u>Street Shop</u>

- Oily rags laying around – need to be stored in covered metal receptacles and emptied daily
- Poor housekeeping standards (trash, clean surfaces, sand/dirt)
- Fire extinguishers are not checked and initialed monthly or identified by a sign – must be mounted to the wall
- Recommend flammable cabinet for flammables located all over shop
- Grinder needs adjustment – work rest is to be 1/8" from the wheel (where tool is laid), the tongue on the topside of the grinder is to be 1/4"
- Entrapment hazard on overhead garage doors, no sensors
- Oil barrel with oil on the floor - spill containment needed
- Bad shelving/racks – all racks must have load limits posted on each shelf, secured to floor, and free from physical damage (cracks, rust, bent)
- Mezzanine is missing the load capacity signage, sturdy railings, and toe plate
- Guard missing on blade sticking out from wall
- Prong missing on extension cord – take out of service/toss
- Bent rung on ladder – take out of service/out of city buildings

- Missing SDS's in shop
- Blocked electrical panels – need a 36-inch clearance around panels

Former WWTP

- Unmarked bottle and containers – needs to labeled with the identity of the product and appropriate hazard warnings
- Flammable cabinet needed
- Poor housekeeping standards (trash, clean surfaces, sand/dirt)
- Damaged ladder and/or missing load rating sticker – remove from service
- Fire extinguishers are not checked and initialed monthly or identified by a sign – must be mounted to the wall
- Bad shelving/racks – all racks must have load limits posted on each shelf, secured to floor, and free from physical damage (cracks, rust, bent)
- Unsecured building, door completely missing with city equipment inside

Thanks again for the time and courtesy extended to me during my visit. Please reach out to me for additional assistance with today's discussion. I will plan to contact you in approximately one year to schedule the next loss control meeting.

If you have safety or loss control related questions, please do not hesitate to contact me.

Sincerely,

**Julie Jelen, CLCP** | Loss Control Consultant
Tel: (651) 268-6992 | Cell: (612) 723-9217 | Fax: (651) 281-1296
jjelen@lmc.org | www.lmc.org
League of Minnesota Cities
145 University Ave. West | St. Paul, MN 55103

C: Meagan Donahue, Assistant Manager - MDonahue@howard-lake.mn.us

# Quote Number: 64314

Revision:

**Bill To:** CIT3670

CITY OF HOWARD LAKE
625 8TH AVENUE
HOWARD LAKE MN 55349

Contact: Jared Merges
Phone 320-543-3670 Ext:
Fax:

Email: JaredMerges@howard-lake.mn.us

**Ship To:**

CITY OF HOWARD LAKE
625 8TH AVENUE
HOWARD LAKE MN 55349

*Lines 1-5*
*Street Shop - Main*
*(2) sections of stand alone, 36" deep, 120" high, 96" x 2.75" beams, 5 beam levels per section, each section 8' 6"L when built, no decking*
*(3) sections in 1 row, 36" deep, 120" high: (2) 8' sections w/ 96" x 6" beams for bench level and (3) levels per section of 96" x 4" beams, (1) 4' section with (3) beam levels of 48" x 3.5" beams, 21'L when built*

*Lines 6-7*
*Street Shop - Secondary*
*(2) sections of stand alone, 48" deep, 96" high, 108" x 4" beams, 2 beam levels per section, each section 9' 6"L when built, no decking (REVIEW: Cannot pass thru with skid from 1 section to the next)*

*Warming House*
*LInes 8-10*
*(2) sections of stand alone, 36" deep, 96" high, 144" x 4" beams, 2 beam levels per section, each section 12' 6"L when built, no decking*
*(1) sections of stand alone, 36" deep, 96" high, 120" x 4" beams, 2 beam levels per section, each section 10' 6"L when built, no decking*

*Wastewater - Secondary*
*Lines 11-12*
*(2) sections in 1 row, 48" deep, 96" high, 108" x 4" beams, 2 beam levels per section, 18' 9"L when built, no decking*

Date: 11/2/2021 Ship Via: Customer Pickup
Expires 11/9/2021
Terms Net 10 w/ no credit app

Sales Person: Jason Deiter
Email: jdeiter@sjf.com
Phone: 320-485-4961

| Part Description | Order Qty | Unit Price | Subtotal |
|---|---|---|---|
| RTDFN3612033DI<br>Racks, Teardrop, Standard Frame, Width 36", Length 120", Column Depth 3.000", Column Width 3.000", IK19070F, Interlake | 8 | 159.34 | 1,274.72 |
| RIPBS09606015JI<br>Rack, Tear Drop Punch Style, Step Beam, Length 96.000", Height 5.928", Step 1.625", 59E, Interlake | 4 | 73.65 | 294.60 |
| RIPBS09604015EI<br>Rack, Tear Drop Punch Style, Step Beam, Length 96.000", Height 4.000", Step 1.625", 40E, Interlake | 12 | 62.71 | 752.52 |
| RIPBS09602615MI<br>Rack, Tear Drop Punch Style, Step Beam, Length 96.000", Height 2.75", Step 1.625", 27E Interlake | 20 | 40.03 | 800.60 |
| RIPBS04803515DI<br>Rack, Tear Drop Punch Style, Step Beam, Length 48.000", Height 3.656", Step 1.625", 36E, Interlake | 6 | 32.15 | 192.90 |

| | | | |
|---|---|---|---|
| RTDFN4809633DI<br>Racks, Teardrop, Standard Frame, Width 48", Length 096", Column Depth 3.000", Column Width 3.000", IK19070F, Interlake | 4 | 169.34 | 677.36 |
| RIPBS10804015EI<br>Rack, Tear Drop Punch Style, Step Beam, Length 108.000", Height 4.000", Step 1.625", 40E, Interlake | 8 | 69.15 | 553.20 |
| RTDFN3609633DI<br>Racks, Teardrop, Standard Frame, Width 36", Length 096", Column Depth 3.000", Column Width 3.000", IK19070F, Interlake | 6 | 132.65 | 795.90 |
| RIPBS12004015EI<br>Rack, Tear Drop Punch Style, Step Beam, Length 120.000", Height 4.000", Step 1.625", 40E, Interlake | 4 | 74.94 | 299.76 |
| RIPBS14404015EI<br>Rack, Tear Drop Punch Style, Step Beam, Length 144.000", Height 4.000", Step 1.625", 40E, Interlake | 8 | 88.90 | 711.20 |
| RTDFN4809633DI<br>Racks, Teardrop, Standard Frame, Width 48", Length 096", Column Depth 3.000", Column Width 3.000", IK19070F, Interlake | 3 | 169.34 | 508.02 |
| RIPBS10804015EI<br>Rack, Tear Drop Punch Style, Step Beam, Length 108.000", Height 4.000", Step 1.625", 40E, Interlake | 8 | 69.15 | 553.20 |

| | |
|---|---|
| SubTotal | 7,413.98 |
| Sales tax | 546.79 |
| Misc charge | 0.00 |
| Total | 7,960.77 |

**Purchaser agrees and acknowledges that all sales under this purchase order are subject to the Terms & Conditions located at www.sjf.com/terms_and_conditions.html and acknowledges to be bound by those Terms & Conditions**

You may sign & fax\email back as confirmation of your order. Your Purchase Order Number:________________

Accepted By:_______________________________________ Date:_____________
By Accepting this you have verified that the below email address is the correct address for invoice to be emailed to:
**cityadmin@howard-lake.mn.us**
If paying by credit card, there will be a 2.5% credit card processing fee.

Credit Card Number:__________________________________________

Exp: ______/______ CID: _____________

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** Consider Declaring Conditions Creating a Building & Zoning Code Violation.

**SECTION:** NEW BUSINESS

**FROM:** Nick Haggenmiller, City Administrator

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**BACKGROUND:** Howard Lake Estates, 924 11th Avenue has been moving in additional mobile home units to the manufactured home park. In October, council directed staff to commence legal action on 6 units that did not have certificate of occupancy issued. The order gave 20 days to address the issues. To date, the owner has been making progress on most of the units. However, one unit was previously NOT included on the council directed actions.

Unit 68 was placed without a permit. Typically, site plans are reviewed and approved at the same time a building permit is issued. This particular unit is less than 20' away from the next unit. Unit 67 (previously placed) has an existing deck that is within 8' of the structure. This is a zoning violation and must be corrected. Repeated attempts to get the property owner into compliance have failed.

Council is asked to declare the units a building code and zoning violation and direct staff to commence legal activities through the city attorney's office.

**DECISION MAKING METRICS:**

**FINANCIAL:** There is not an immediate or material cost to this initial order. However, if/when the matter is brought forward to Wright County District Court, there will be legal fees including the city attorney's time and filing fees. The resolution is worded to assess any unpaid charges back to the property owner in the form of a special assessment.

**LEGAL:** City Ordinance 17.02 Adopted by the City Council recognizes that the City enforces the Minnesota State Building Code. Staff has followed graduated enforcement attempts. This order provides 20 days for compliance prior to bringing forward to District Court for Summary Judgement.

**STRATEGIC PLAN:** Ensure a Safe & Healthy Community

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**COUNCIL ACTION REQUESTED:** Council is asked to declare the units a building code violation and direct staff to commence legal activities through the city attorney's office.

**ATTACHMENTS:** N/A

# HOWARD LAKE CITY COUNCIL MEETING

**November 16, 2021**

**AGENDA ITEM:** **Discuss Water Meter Replacement Project**

**SECTION:** NEW BUSINESS

**FROM:** Nick Haggenmiller, City Administrator

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**BACKGROUND:**

**Brief Reminder of Project Details**

- Council approved Request for Proposals and directed staff to advertise in March 2021
    - Projects over $175,000 must follow sealed bid process including public posting.
- City received multiple proposals and approved Dakota Supply Group for approval.
    - DSG is a material wholesaler who uses Midwest Testing for installations. Materials presented at the time of approval explicitly note "Midwest Testing is an installation crew, not plumbers. If unique circumstances are identified, local plumbers will be used."
    - It is common for public works staff to swap out meters in one-off situations and if unique situations are identified to call in a plumber. This project calls for similar.

**Progress Report:**

- Total Accounts 839
- Total Scheduled 600 [72%]
- Total Completed 205 [24%]

*As of Monday 11.8.21*

**Special Circumstances**

Curb Stop Repairs

Curb Stop is the shut off valve at the curb for properties. In the event that the property does not have operable interior shut off valves, the curb stop must be shut off. Two weeks into the project crews have identified about eight of these circumstances. Depending on the scope of the repair, the cost to repair is minimal to $2,000 (or more) per repair.

Interior Valve Issues

Properties may not have interior shut off valves, may be hard plumbed, or may need various couplings and flanges installed in order to be compatible with the new meter installation. Existing valves may also break or leak requiring replacement. Depending on the scope of the repair, the cost to repair or retrofit is minimal to several hundred dollars each.

Damages & Retrofitting

To date, we know of one incident where a brass meter that was also used as electrical grounding for the property shorted out when replaced with a non-conductive composite material. The homeowner has indicated damages as a result to various electronic devices.

We are also aware of at least one property that accessing the unit will require cabinetry or other more substantial renovations to occur to accommodate the installation.

We do not have estimated costs for either situation.

**Ordinance Implications**
City Ordinance 10.02 Water Use Regulation dictates terms associated. The ordinance is not particularly clear as it indicates the responsibility of the private property owner "from the curb stop into the building." However, it does not specifically call out the curb stop itself. Therefore, to prevent delays associated with updating and or enforcing the ordinance language – staff recommends proactively covering the expense of the curb stop repair and replacement.

Using the literal definition of the ordinance, the meter itself is the property of the city. However, the service lines surrounding the meter are the responsibility of the homeowner. This would include flanges, shut off valve, ground strap and the service line itself.

**DISCUSSION ITEMS**

1. Review circumstances and provide feedback to staff in regards to ownership responsibility.
2. Recommend ordinance modifications for clarity and/or in the event the ordinance is not clear.
3. FYI overall.

**DECISION MAKING METRICS:**

**FINANCIAL:** Open

**LEGAL:** Varies, but ordinances may need to be updated.

**STRATEGIC PLAN:** Deliver High Quality Infrastructure

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**COUNCIL ACTION REQUESTED:**

**ATTACHMENTS:**

1. Ownership Diagram

# WATER METER REPLACEMENT PROJECT

This diagram shows the water distribution system from the City's water main into a typical basement utility room. City Ordinance Chapter 10.02 "Water Use Regulations" explains the breakdown between public and private ownership.

For the purpose of the water meter replacement project, the City will provide the water meter to be replaced. (Outside of the project, this is a cost of the property owner.) If there is an issue at or before the curb stop, it is the City's responsibility to repair/replace. If the service line, flanges, valves, grounding strap require repair/replacement in order to accommodate the standard meter - the repair/replacement/retrofit will be the responsibility of the private property owner.