CITY OF HOWARD LAKE

City Council Meeting

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.

TENTATIVE AGENDA
September 12, 2022 – 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**
E. **CITIZEN INPUT**
F. **COUNCIL/COMMITTEE REPORT**
G. **DEPARTMENT REPORTS**
H. **CONSENT AGENDA**
   a. Consider Various Approvals Related to Event at Wright County Fair on 9/17/22.
   b. Consider Approving Dates & Rates for Fall Clean Up Days.
I. **PRESENTATIONS, PUBLIC HEARINGS & RELATED APPROVALS**
   a. Public Hearing for the creation of TIF No. 1-22
   b. Public Hearing for Spending Plan of TIF No. 1-18
J. **NEW BUSINESS**
   a. Consider Resolution Approving Creation of TIF 1-22 and execution of TIF Loan Agreement.
   b. Consider Resolution Approving TIF 1-18 Spending Plan. *[One agenda item used for both items]*
   c. Discuss Proposed Ordinance Revisions to 12.03 Snow Plowing & Ice Control.
K. **OLD BUSINESS**
L. **ADMINISTRATOR'S REPORT**
M. **ADJOURN**

NOTE: The City Council will adjourn to a study session immediately following the regular meeting.

HOWARD LAKE CITY COUNCIL MEETING

September 12, 2022

AGENDA ITEM: **Demo Derby at the Wright County Fair Grounds**

SECTION: New Business

FROM: Consent

BACKGROUND: Laura Karels, with Mad Dog Mayhem Demo Derby, will be hosting a demo derby at the Wright County Fair Grounds on Saturday, September 17th from 5pm to 10 pm.
Requirements:

- A full time police officer on site for the whole event, at a cost of $50/hour - $250 total. As well as 2-3 reserve officers at a rate of $20/hour/officer.
- EMS on site for the event as well, the Fire Department said their crew would be donating their time.
- A single day liquor license, in the amount of $100.
  (As of Friday, September 9th, staff has not received back the liquor license permit or payment)

The event is set to be done by 10 pm and should not affect the City's noise ordinance.

DECISION MAKING METRICS:

FINANCIAL: The City will cover expenses as detailed in the background section of the staff report.

LEGAL: City Ordinance requires special events to be reviewed and approved by the city council.

COUNCIL ACTION REQUESTED:

Approve the following:

- Temporary Liquor License
- Special Event License (noise past 10pm)
- Rate & Terms of Special Coverage

The council may make one motion approving all event approvals.

ATTACHMENTS:

HOWARD LAKE CITY COUNCIL MEETING

September 12, 2022

AGENDA ITEM: **SET UP SPRING CLEAN UP DATES AND TERMS**

SECTION: Consent

FROM: Meagan Theisen, Assistant City Administrator

BACKGROUND: After several week-long community clean up events over the last few years, we are suggesting a change to a 3-day event.

Proposed 2022 Fall Clean-up guidelines –

- Thursday, October 6th – Saturday, October 8th
- Thursday & Friday 1PM to 7PM & Saturday 8AM – 12PM.
- City of Howard Lake residents only, ID with proof of residency to be checked at the gate.

Proposed fees:

Accepted:		Accepted:		PROHIBITED
Small Load -	$10.00	Appliances -	$15.00	Paint
Medium Load -	$15.00	Small Electronics -	$10.00	Hazardous Chemicals
Oversized Load -	$20.00	Monitors/Tube/ Console TV -	$50.00	Construction Materials
Couch/Upholstered -	$30.00	Flat Screen TV -	$10 + $1/Inch	Fluorescent Tubes
Small Upholstered Chair -	$10.00	Scrap Metal -	FREE	Commercial/Contractors
Mattress -	$30.00			*Township Residents
Box Spring -	$30.00			
Tires without rim -	$5.00			
Tire with rim -	$10.00			

RECOMMENDATION:
Staff is recommending to hold the 2022 Fall Clean-up October 6th through October 8th.

Staff will advertise the clean-up dates on the City website, Facebook, and the Herald Journal.

COUNCIL ACTION REQUESTED: Set dates and time for the 2022 Fall Clean-up and approve fees.

ATTACHMENTS: N/A

HOWARD LAKE CITY COUNCIL MEETING

September 12, 2022

AGENDA ITEM: Consider Resolution 22-17 Approving TIF 1-22 and execution of TIF Loan Agreement. Consider Resolution 22-18 Approving TIF 1-18 Spending Plan.

SECTION: New Business

FROM: Nick Haggenmiller, City Administrator
Shannon Sweeney, Financial Advisor
Curtiss Gruidl, Caddie Venues

BACKGROUND: Over the past year, the City has approved various requests related to establishing an event center at the former Orchard Christian Church located at 800 5th Avenue. As the overall project have taken over six months to see through various approvals, for refresher the following items have previously been addressed by Planning Commission and/or City Council:

Comprehensive Plan Amendment	Rezoning to B1 Business District
Zoning Text Amendment	Adding "banquet hall" to permitted uses within B1 District
Conditional Use Permit Issued	Regulates type, size, hours of operation for events.
Parking Deferment	18 month parking deferment approved to address parking deficiency of 19 vehicles

CURRENT APPROVALS SOUGHT

During the code review necessary for building permit issuance, it was determined that the 1990 building would have to be retrofitted entirely with a fire suppression system (sprinkler) at an estimated cost of $150,000. In order to fill this financing gap, the Gruidl's have requested assistance through tax increment financing (TIF).

Create Redevelopment TIF District

- Special taxing district established to capture NEW taxes generated related to the improvements and increased property values to offset expenses associated with meeting code compliance.
- City of Howard Lake to finance $150,000 (4% interest) to the project with anticipated repayment using property taxes of $14,597 beginning February 2025.
- Enter into a minimum assessment agreement for the property of $1.12 Million.
- Personally guarantee the loan
- Make all tax, utility, special assessment payments due.
- All taxing jurisdictions have been notified including HLWW Schools and Wright County. Comments from Commissioner Kaczmarek are included for review.

Council Approval Sought: Adopt Resolution Approving the Creation of TIF 1-22 and Execution of TIF Loan.

Approve TIF 1-18 Spending Plan

To finance the proposed loan, the city council is asked to approve a spending plan for TIF 1-18. This TIF is related to the Forsman Farms Project. This TIF district is outperforming original financial proformas and has funds available for lawful purposes. In 2021, the Minnesota Legislature approved special legislation that permits use of funds for private economic development purposes. The relevance in this specific situation is noting that of the $150,000 about 1/3 of the funds to be loaned to Reeds and Rushes are not general fund tax dollars.

In order to move forward with this, the city council must approve a spending plan for this TIF district (1-18) which simply calls out the funds from the Forsman Farms district to be used for this project.

Council Approval Sought: Adopt Resolution Approving Spending Plan for TIF 1-18.

DECISION MAKING METRICS:

FINANCIAL: There are several financial metrics worth noting relevant to this request:

TIF Loan:	$150,0000 to be loaned from the City to Reeds and Rushes
Interest:	4% annually with an expected $60,000 earned during the duration of the TIF district
Payments:	TIF loan to be repaid at a rate of $14,597 per year beginning in 2025
Incurred Costs:	The City has incurred about $10,000 in costs associated with establishing the TIF district which will be paid using TIF increments.

LEGAL: Shannon Sweeney, Financial Advisor | City Attorney, Mike Couri | Mary Ipple, Bond Counsel have drafted, reviewed and submitted all legal documents associated with this proposal and recommend approval as presented.

STRATEGIC PLAN:

1. Provide Diverse Amenities that Enhance Quality of Life
2. Support and Encourage New Business Ventures

ATTACHMENTS:

1. Memo from Shannon Sweeney RE: TIF District 1-22
2. TIF Loan Agreement
3. TIF Plan
4. Resolution 22-17 Approving TIF 1-22
5. Memo from Shannon Sweeny RE: TIF 1-18 Spending Plan
6. TIF Spending Plan
7. Resolution 22-18 Approving TIF 1-18 Spending Plan

DDA
David Drown Associates, Inc.
Public Finance Advisors

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

September 7, 2022

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 Caddie Venues, LLC on the Reeds & Rushes event center project for some time. The City Council previously initiated the creation of Tax Increment Financing District No. 1-22, a redevelopment tax increment financing district, to aid in required code improvements that are needed to operate the facility.

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 redevelopment tax increment district which can capture tax increments for up to 26-years.

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 September 12, 2022, 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 TIF Loan 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 make a loan of $150,000 to Caddie Ventures, LLC for the purpose of making code improvements to the former church building. The City Council shall create TIF District 1-22 for the purpose of capturing tax increments which would offset or cancel annual loan payments of $14,597.00 to be made by Caddie Ventures, LLC.

Caddie Ventures, LLC will agree to the following:

1) Complete construction of the project according to the terms of the loan agreement.
2) Enter into an assessment agreement agreeing to a minimum market value of $1,123,900 for the Reeds & Rushes facility.

3) Make annual loan payments of up to $14,597.00 commencing February 1, 2025 if tax increments are insufficient to do so.
4) Personally guarantee the repayment of the loan.
5) Make all tax, utility, and special assessment payments (if any) on time and in full.

A copy of the tax increment plan and TIF Loan Agreement are attached for your consideration along with a resolution providing for their adoption/execution. 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.

TIF Loan Agreement

By and Between

City of Howard Lake, Minnesota

and

Caddie Venues LLC

This document drafted by: TAFT STETTINIUS & HOLLISTER LLP
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

TIF LOAN AGREEMENT

THIS TIF LOAN AGREEMENT (the "Agreement") is made this 12th day of September, 2022 (the "Effective Date"), between the CITY OF HOWARD LAKE, MINNESOTA, a municipal corporation and political subdivision under the laws of the State of Minnesota (the "City"), and CADDIE VENUES LLC, a Minnesota limited liability company (the "Borrower").

RECITALS

A. The Borrower desires to acquire and redevelop certain Development Property (as defined herein), and has requested the City to provide financial assistance for a certain Project (as defined herein) to be undertaken thereon.

B. Subject to the terms and conditions of this Agreement, the City agrees to make a loan to the Borrower in the amount of $150,000, for the purpose of providing financial assistance for certain Eligible Project Costs (as defined herein).

C. In consideration for the loan contemplated by this Agreement, the Borrower is executing and delivering to the City this Agreement, a Promissory Note (the "Note"), and an Assessment Agreement by and between the City and the Borrower (the "Assessment Agreement"). In addition, Curtis Alan Gruidl, and Madeline Ann Gruidl (each a "Guarantor", and collectively, the "Guarantors") will deliver a Guaranty (the "Guaranty") in favor of the City.

D. The requirements of Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Law"), do not apply to this Agreement, pursuant to the exception provided by Minnesota Statutes, Section 116J.993, subdivision 3(5).

ACCORDINGLY, to induce the City to make the loan to the Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

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

"Assessment Agreement" means the assessment agreement, in substantially the form attached hereto as Exhibit B, and hereby made a part of this Agreement, by and between the Borrower and the City, and consented to by the Assessor for the County, as the same may be from time to time modified, amended, or supplemented, entered into pursuant to this Agreement;

"Assessor's Minimum Market Value" means the agreed upon minimum market value of the Development Property and Project and for calculation of real property taxes as determined from time to time by the Assessor for the County pursuant to the Assessment Agreement;

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

"City" shall mean the City of Howard Lake, a Minnesota municipal corporation;

"County" means Wright County, Minnesota;

"Date of Closing" shall mean the date the Borrower acquires the Development Property;

"Development District" means the real property included in Municipal Development District No. 1 heretofore established;

"Development Program" means the Development Program approved in connection with the Development District;

"Development Property" means the real property identified in Exhibit A of the Assessment Agreement;

"Eligible Project Costs" means the portion of the costs of the Project, associated with the correction of code deficiencies, that are eligible for reimbursement under the Tax Increment Act;

"Event of Default" means an event of default, as defined in Section 8;

"Guaranty" shall mean the individual guaranty of repayment of the Loan provided by Curtis Alan Gruidl and Madeline Ann Gruidl, as individuals, in the form attached hereto as Exhibit C;

"Legal and Administrative Expenses" means the fees and expenses incurred by the City in connection with the preparation of this Agreement and the establishment of the Tax Increment District;

"Loan" means the loan in the amount of $150,000 loaned to the Borrower by the City for Eligible Project Costs, made pursuant to this Agreement;

"Maturity Date" shall mean August 1, 2038.

"Net Proceeds" shall mean, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award remaining after payment of all expenses incurred to collect such award;

"Note" shall mean the promissory note, the form of which is attached hereto as Exhibit A, of the Borrower evidencing the Loan in the original principal amount of $150,000, payable to City;

"Project" shall mean the acquisition, renovation, and conversion of an existing church building into an event center by the Borrower and located on the Development Property;

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

Tax Increment District means Tax Increment Financing District No. 1-22, established by the City, and located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which qualifies as a redevelopment 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 September 12, 2022, and any future amendments thereto;

Tax Increments means 90% of the tax increments derived from the Development Property as calculated by the City in its sole discretion and which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Termination Date means the earlier of (i) August 1, 2038, or the (ii) date that the Note is paid in full;

"TIF Loan Documents" shall mean this Agreement, the Assessment Agreement, the Guaranty, and the Note, and all exhibits and incorporation therefor;

"TIF Loan Proceeds" shall mean the funds available from the Loan, derived from an interfund loan approved by the City on ____________, 2022, and tax increment from TIF District ___ pursuant to a spending plan adopted by the City on September 12, 2022, to be disbursed through this Agreement and used to reimburse the Borrower for Eligible Project Costs; and

"Unavoidable Delays" shall mean delays in the performance of obligations for construction of the Project due to unforeseeable causes beyond the control of Borrower and without its fault or negligence, including but not limited to acts of God, acts of public enemy, the direct result of strikes, other labor troubles, fire, floods, epidemics, quarantines, restrictions, unavailability of power, unavailability of materials, acts of governmental entities including legislative or administrative action, unusually severe weather or delays of subcontractors due to such causes, or other casualty to the improvements and litigation commenced by third parties which by injunction or other similar judicial action directly results in delays and other events beyond the control of Borrower.

2. Undertakings by Borrower and City.

(a) The Borrower shall acquire the Development Property by the Date of Closing.

(b) The Borrower shall commence construction of the Project by ___________, 2022, and, barring Unavoidable Delays, shall substantially complete the Project by ______________, 202__.

(c) The Borrower shall pay for all costs of the Project and for Legal and Administrative Expenses.

(d) Subject to and upon the terms and conditions of this Agreement, the City agrees to loan to the Borrower the sum of One Hundred Fifty Thousand Dollars and 00/100th ($150,000.00) in accordance with this Agreement. The Loan shall be evidenced by the Note, and guaranteed for the full repayment thereof pursuant to the Guaranty. Proceeds of the Loan shall be disbursed in accordance with Paragraph 4 hereof.

(e) Notwithstanding the provisions of Sections 2(d), the City shall have no obligation to the Borrower under this Agreement to disburse the TIF Loan Proceeds, if the City, at the time or times such disbursement is to be made, is entitled to exercise any of the remedies set forth in this Agreement as a result of an Event of Default which has not been cured.

(f) Simultaneously with the execution of this Agreement, the Borrower and the City shall execute an Assessment Agreement pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 8, specifying the Assessor's Minimum Market Value for the Development Property and Project for calculation of real property taxes. Specifically, the Borrower shall agree to a market value for the Development Property and Project which will result in a market value as of January 2, 202__, of not less than $_____________ until the Termination Date. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign a market value to the property in excess of such Assessor's Minimum Market Value. The Borrower is prohibited from seeking a reduction in such market value for property tax purposes in any year so long as the Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until the Termination Date. The Assessment Agreement shall be certified by the Assessor for the County as provided in Minnesota Statutes, Section 469.177, Subdivision 8, upon a finding by the Assessor that the Assessor's Minimum Market Value represents a reasonable estimate based upon the plans and specifications for the Project to be constructed on the Development Property and the market value previously assigned to the Development Property. Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of Wright County, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property (or part thereof), whether voluntary or involuntary, and such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage recorded against the Development Property.

3. <u>Loan</u>. The TIF Loan Proceeds are being loaned by City to Borrower pursuant to the terms of this Agreement. Borrower accepts the Loan pursuant to the terms of this Agreement. The TIF Loan Proceeds shall be used to reimburse the Borrower for Eligible Project Costs actually incurred and paid for by the Borrower for the Project. If TIF Loan Proceeds are used to pay for any costs other than Eligible Project Costs, Borrower shall promptly repay City the amount of TIF Loan Proceeds used to pay such costs other than Eligible Project Costs.

4. <u>Disbursement of TIF Loan Proceeds</u>.

(a) No later than 10 business days after the date on which the Borrower satisfies the conditions set forth in Paragraph 4(b) below, the City shall advance the TIF Loan Proceeds to the Borrower. The date on which the TIF Loan Proceeds have been advanced is herein referred to as the "Disbursement Date".

(b) The following conditions must be satisfied on or prior to the Disbursement Date in order for the Borrower to receive the TIF Loan Proceeds from the City:

(i) the City has received from the Borrower a written request for the amount of the Loan, together with paid invoices for the Eligible Project Costs in an amount not less than $150,000;

(ii) the Borrower has executed and delivered to the City the TIF Loan Documents;

(iii) the Assessment Agreement shall have been consented to by the County Assessor, and recorded in the office of the County Recorder;

(iv) the Borrower has acquired the Development Property, and commenced construction of the Project;

(v) the Borrower shall be in compliance with the TIF Loan Documents;

(vi) the Borrower shall have committed one hundred percent (100%) of all equity, loan proceeds or other project funds, sufficient, together with the Loan, to pay all costs of the Project;

(vii) all filing and permit fees, charges, expenses and taxes shall have been paid by Borrower; and all required insurance policies shall be in appropriate amounts, name all insureds, and be in full force and effect as evidenced by the certificates of insurance;

(viii) construction plans relating to the Project shall have been approved in writing by the City;

(ix) no Event of Default or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing and all representations and warranties made by Borrower in this Agreement shall continue to be true and correct as of the date of such disbursement;

(x) the Borrower shall have provided to City such evidence of compliance with all of the provisions of this Agreement as City may reasonably request; and

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

5. Repayment of Loan.

(a) Interest on the principal balance of the Loan disbursed will accrue at a rate of four percent (4.00%) per annum from the Disbursement Date until the Loan is fully repaid or forgiven in accordance with this Agreement.

(b) The Borrower shall make principal and interest payments in the amount of $14,597.00 on February 1, 2025, and each February 1 thereafter until the final payment of $7,298.50 is made on the Maturity Date; provided, however, that the City shall apply Tax Increments collected the year prior to such payment date as a credit to each such payment, so long as no Event of Default has occurred, and the Borrower is in compliance with the terms and conditions of this Agreement. The Borrower agrees to pay the difference between the amount due on any such payment date, and the amount of Tax Increment collected the prior year to such payment date.

(c) The Borrower has the right to prepay the principal of the Note, in whole or in part, at any time.

6. Security. To secure and otherwise induce the City to provide the Loan:

(a) The Borrower shall enter into and record the Assessment Agreement;

(b) The Borrower shall execute and deliver the Note simultaneously herewith; and

(c) Curtis Alan Gruidl and Madeline Ann Gruidl shall execute and deliver simultaneously herewith to the City the Guaranty.

7. Representations and Warranties. The Borrower represents and warrants to the City that:

(a) The Borrower is a limited liability company duly organized and in good standing under the laws of the State of Minnesota, and is duly authorized and empowered to execute and deliver this Agreement, perform all obligations hereunder, and to borrow money from the City.

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

(c) This Agreement has in fact been duly executed and delivered by the Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

(d) The Borrower warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue to comply throughout the term of this Agreement. If at any time the Borrower receives notice of noncompliance from any governmental entity, the Borrower agrees to take any necessary action to comply with the state or federal law in question.

(e) The Borrower represents and warrants that the assistance provided for in this Agreement ($150,000), to bring the Project up to code, is equal to or less than 50 percent of the total cost of the remediation of the code deficiencies.

(f) The Borrower warrants that it will use the TIF Loan Proceeds solely for Eligible Project Costs.

(g) The Borrower warrants that there are not now, nor will the Borrower permit to be created or allow to exist, any liens, charges, or encumbrances with priority over the obligation created by this Agreement, except as otherwise authorized in writing by the City.

(h) During the term of this Agreement until the Termination Date, the Borrower shall own and operate its business within the City, and shall not transfer any of its interest therein, unless the City first consents in writing to such transfer to the successor person or entity.

(i) Borrower shall pay and discharge, when due, all taxes, assessments and other government charges upon the Project, as well as claims for labor and materials which, if unpaid, might by law become a lien or charge upon the Project.

8. Events of Default. Each of the following shall be an "Event of Default" under this Agreement:

(a) the Borrower fails to pay any principal or interest on the Loan when due;

(b) any representation or warranty made by the Borrower herein or in any document, instrument, or certificate given in connection with this Agreement, the Assessment Agreement, the Guaranty, or the Note is false when made;

(c) failure of the Borrower to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, the Assessment Agreement, or Note;

(d) failure 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;

(e) the Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within sixty (60) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or be the subject of an order for relief in such bankruptcy case, or be adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within sixty (60) days of the appointment; and

(f) any breach or failure of the Borrower to perform any other term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of thirty (30) days after the City has given written notice to the Borrower specifying such default or breach, unless the City agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the City will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and is being diligently pursued until the Default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder).

9. The City's Remedies upon the Borrower's Default. Upon any Event of Default under Section 8, the City shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to the Borrower;

(b) suspend its performance under this Agreement;

(c) take any action provided for at law to enforce compliance by the Borrower with the terms of this Agreement and the Note;

(d) exercise its rights under the Assessment Agreement or the Guaranty.

10. Remedies Not Exclusive. No right or remedy by this Agreement or by any document or instrument delivered by Borrower pursuant hereto, conferred upon or reserved to the City shall be or is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy now or hereafter existing at law or in equity or by statute.

12. Damage, Destruction and Condemnation; Insurance Proceeds.

(a) If, (i) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (ii) title to or any interest in, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, and Borrower is unable to complete the Project due to fire or other casualty or condemnation, at the City's option, the City may terminate this Agreement.

(b) All Net Proceeds shall be applied as follows: First, to the prompt repair, restoration, modification or improvement of the Project by Borrower. Any balance of the Net Proceeds remaining after such work has been completed shall be used to repay the Loan.

(c) If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, Borrower will complete the work and pay any cost in excess of the amount of the Net Proceeds. Borrower agrees that if by reason of any such insufficiency of the Net Proceeds, Borrower shall make any payments pursuant to the provisions of this Section, Borrower shall not be entitled to any reimbursement therefore from the City, nor shall Borrower be entitled to any diminution of the amounts payable under this Agreement and the Note.

13. The City's Costs of Enforcement of Agreement. If an Event of Default has occurred as provided herein, then upon demand by the City, the Borrower shall pay or reimburse the City for all expenses, including all attorneys' fees and expenses incurred by the City in connection with the enforcement of this Agreement, the Note, the Assessment Agreement, the Guaranty, or in connection with the protection or enforcement of the interests and collateral security of the City in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

14. Indemnification

(a) The Borrower shall and does hereby agree to protect, defend, indemnify, and hold the City, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, the Note, the Assessment Agreement, or the Guaranty, and from any and all claims and demands whatsoever that may be asserted against the City by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) Should the City, or its officers, agents, or employees, incur any such liability or be required to defend against any claims or demands in connection with this Agreement, or should a judgment be entered against the City, the amount thereof, including costs, expenses, and attorney's fees, shall bear interest thereon at the rate then in effect on the Note, shall be secured hereby, shall be added to the Loan, and the Borrower shall reimburse the City for the same immediately upon demand, and upon the failure of the Borrower to do so, the City may declare the Loan immediately due and payable.

(c) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to the City. The Borrower waives notice of the acceptance of this Agreement by the City.

(d) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which the Borrower is entitled under law.

15. Miscellaneous.

(a) Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by the Borrower and the City. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

(b) Assignment. This Agreement shall be binding upon the Borrower and its successors and assigns and shall inure to the benefit of the City and its successors and assigns. All rights and powers specifically conferred upon the City may be transferred or delegated by the City to any of its successors and assigns. The Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by the City.

(c) Governing Law. This Agreement is made and shall be governed in all respects by the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

(d) Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, first class mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To the City:
City of Howard Lake, Minnesota
PO Box 736
625 8th Ave.
Howard Lake, MN 55349
Attn: City Administrator

To the Borrower:
Caddie Venues LLC
59 Capri Drive
Mankato, MN 56001
Attn: Curtis Alan Gruidl

(f) Termination. If the Loan is not disbursed pursuant to this Agreement by ________________, 202__, this Agreement shall terminate and neither party shall have any further obligation to the other, except that if the Loan is not disbursed because the Borrower has failed to use its best efforts to comply with the conditions set forth in Section 2 of this Agreement then the Borrower shall pay to the City all reasonable attorneys' fees, costs, and expenses incurred by the City in connection with this Agreement, the Assessment Agreement, the Guaranty, and the Note. If the Loan is disbursed, this Agreement shall terminate on the Termination Date.

(g) Entire Agreement. This Agreement, together with any exhibits hereto, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Loan.

(h) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

(i) Filing of Documents. Any documents requiring filing with the State of Minnesota shall be paid by the Borrower.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, this TIF Loan Agreement has been duly executed and delivered by the proper officers of the City thereunto duly authorized on the day and year first written above.

CITY OF HOWARD LAKE, MINNESOTA

____

By Peter Zimmerman
Its Mayor

____

By Nick Haggenmiller
Its City Administrator

This TIF Loan Agreement has been duly executed and delivered by the Borrower on the day and year first written above.

CADDIE VENUES LLC

By: ____
Name: ______________________________________
Its: ____

By: ____
Name: ______________________________________
Its: ____

EXHIBIT A

PROMISSORY NOTE

Date: ____________, 2022 $150,000

FOR VALUE RECEIVED, Caddie Venues LLC, a Minnesota limited liability company (the "Borrower") hereby promises to pay to the City of Howard Lake, Minnesota, a municipal corporation and political subdivision under the laws of the State of Minnesota, or its assigns (the "City" or "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of One Hundred Fifty Thousand Dollars and 00/100ths ($150,000.00) disbursed under this Promissory Note (the "Note"), with interest as hereinafter provided, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. All capitalized terms not otherwise defined herein, shall have the meaning prescribed to them in and by that certain TIF Loan Agreement, by and between the Borrower and the Holder, dated as of August 18, 2022 (the "Loan Agreement"). The principal of and interest on this Note is payable as follows:

1. Interest on the principal balance of the Note disbursed will accrue at a rate of four percent (4.00%) per annum from the date hereof until the Note is fully repaid or forgiven in accordance with the Loan Agreement and this Note.

2. The Borrower shall make principal and interest payments in the amount of $14,597.00 on February 1, 2025, and each February 1 thereafter until the final payment of $7,298.50 is made on August 1, 2038; provided, however, that the City shall apply Tax Increments collected the year prior to such payment date as a credit to each such payment, so long as no Event of Default has occurred, and the Borrower is in compliance with the terms and conditions of the Loan Agreement and the other Loan Documents (as defined herein). The Borrower agrees to pay the difference between the amount due on any such payment date, and the amount of Tax Increment collected the prior year to such payment date.

3. The Borrower has the right to prepay the principal of the Note, in whole or in part, at any time.

4. If the Loan Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, the Assessment Agreement, the Guaranty, or any other instrument securing this Note (collectively, the "Loan Documents") are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Loan Documents, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note and interest accrued thereon, together with reasonable attorney's fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any of the Loan Documents. The Borrower agrees that the Holder of this

Note may, without notice to and without affecting the liability of the Borrower, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. The remedies of the Holder of this Note as provided herein, and in the Loan Documents, shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

6. The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

8. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise,

9. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Borrower and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

[The remainder of this page is intentionally left blank.]

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

CADDIE VENUES LLC

By: ____
Name: ____________________________________
Its: ____

By: ____
Name: ____________________________________
Its: ____

EXHIBIT B

FORM OF ASSESSMENT AGREEMENT

THIS ASSESSMENT AGREEMENT (this "Agreement"), dated as of this __ day of ________, 2022, is by and between the City of Howard Lake, Minnesota (the "City"), and Caddie Venues LLC, a Minnesota limited liability company (the "Borrower").

WITNESSETH

WHEREAS, the City and the Borrower have entered into a TIF Loan Agreement, dated as of August 18, 2022 (the "Loan Agreement") regarding the redevelopment of certain real property located in the City (the "Development Property") which property is legally described on Exhibit A attached hereto and made a part hereof.

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

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

WHEREAS, the Borrower has acquired the Development Property.

WHEREAS, the Borrower has submitted the plans and specifications for the improvements to be constructed pursuant to the Loan Agreement to the Wright County Assessor (the "Assessor");

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

1. As of January 2, 202__ through and thereafter until December 31, 2037 the minimum market value which shall be assessed for the Project shall be not less than $__________.

2. The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on the earlier of: (i) December 31, 2037; or (ii) the date of termination of the Loan Agreement.

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

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

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

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

CITY OF HOWARD LAKE, MINNESOTA

(SEAL)

By ______________________________________
Its Mayor

By ______________________________________
Its Administrator

STATE OF MINNESOTA)
) ss
COUNTY OF WRIGHT)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2022, by ______________________, the Mayor, and ________________, the City Administrator of the City of Howard Lake on behalf of said City.

____
Notary Public

Signature page for Assessment Agreement by and between the City of Howard Lake, Minnesota, and Caddie Venues LLC.

CADDIE VENUES LLC

By ____________________________________
Its _________________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of ____________, 2022, by Curtis Alan Gruidl, the _____________ of Caddie Venues LLC, a Minnesota limited liability company, on behalf of said company.

____
Notary Public

Signature page for Assessment Agreement by and between the City of Howard Lake, Minnesota, and Caddie Venues LLC.

CERTIFICATION BY COUNTY ASSESSOR

The undersigned Assessor, having reviewed the plans and specifications for the improvements to be constructed, pursuant to that certain Assessment Agreement, by and between the City of Howard Lake, Minnesota, and Caddie Venues LLC, dated _________, 2022, on the property legally described as follows:

[Insert legal description]

and being legally responsible for the assessment of such property, hereby certifies that the market values assigned to such land and improvements are reasonable.

____
County Assessor for Wright County

STATE OF MINNESOTA)
) ss.
COUNTY OF WRIGHT)

This instrument was acknowledged before me on ___________, 2022, by _____________________, the County Assessor of Wright County.

____
Notary Public

Certification of Wright County Assessor related to that Assessment Agreement by and between the City of Howard Lake, Minnesota, and Caddie Venues LLC.

CONSENT TO ASSESSMENT AGREEMENT

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

IN WITNESS WHEREOF, we have caused this Consent to Assessment Agreement to be executed in its name and on its behalf as of this ____ day of _______________, 2022.

____

By _____________________________________

Its _____________________________________

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ___ day of __________, 2022, by _________________, the_____________ of ____________________________, a ____________ banking corporation on behalf of the corporation.

____

Notary Public

Consent of ________________ related to that Assessment Agreement by and between the City of Howard Lake, Minnesota, and Caddie Venues LLC.

EXHIBIT A TO ASSESSMENT AGREEMENT

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

EXHIBIT C

GUARANTY

THIS GUARANTY (the "Guaranty") is made this 18th day of August, 2022, by CURTIS ALAN GRUIDL, an individual, and MADELINE ANN GRUIDL, an individual (each a "Guarantor" and, collectively, the "Guarantors"), in favor of the CITY OF HOWARD LAKE, MINNESOTA, a Minnesota municipal corporation (the "City"), and provides as follows:

RECITALS

A. CADDIE VENUES LLC, a Minnesota limited liability company (the "Borrower") and the City are parties to a Loan Agreement, dated on or about the date hereof (the "Loan Agreement"), pursuant to which the City has agreed to loan to the Borrower the sum of One Hundred Fifty Thousand and 00/100ths Dollars ($150,000.00), or so much thereof as is disbursed to the Borrower in accordance with the Loan Agreement (the "Loan"). The Loan is evidenced by a Promissory Note executed by the Borrower for the benefit of the City, dated on or about the date hereof (the "Note"). The Loan is secured pursuant to an Assessment Agreement by and between the Borrower and the City, dated on or about the date hereof (the "Assessment Agreement").

B. Curtis Alan Gruidl and Madeline Ann Gruidl are the owners of the Borrower.

C. To secure payment of the Note and the performance of the obligations of the Borrower under the Loan Agreement, the Guarantors are executing and delivering this Guaranty to City.

NOW, THEREFORE, in consideration of the foregoing, the Guarantors do hereby, subject to the terms hereof, with the City, agree as follows:

1. The Guarantors do hereby jointly and severally, unconditionally and irrevocably, as a primary obligor and not only as a surety, and personally guarantee to the City the full and prompt payment and discharge of all obligations of the Borrower under the Note in the amount of the Loan.

2. The City may proceed hereunder and the City at its sole discretion shall have the right to proceed first and directly against any or all of the Guarantors under this Guaranty without proceeding against any other person or exhausting any other remedies which it may have and without resorting to any security held by the City; and each Guarantor shall upon demand of City forthwith pay to the City any and all sums due hereunder. All payments shall be paid in lawful money of the United States of America.

3. The obligations of the Guarantors under this Guaranty shall be absolute and unconditional.

4. No set-off, counterclaim, abatement, reduction, or diminution of any obligation, or any defense of any kind or nature which the Guarantors has or may have against the City, other than pursuant to the Note, shall be available hereunder against the City or in any suit or action

brought by the City to enforce any right, power or benefit under this Guaranty. Nothing in this Guaranty, however, shall be construed as a waiver by the Guarantors of any rights or claims the Guarantors may have against the City under this Guaranty or otherwise, but any recovery upon such rights and claims shall be had from the City separately, it being the intent of this Guaranty that the Guarantors shall be unconditionally and absolutely obligated to perform full and promptly the Guarantors' obligations and agreements hereunder.

5. The Guarantors hereby expressly waive notice from City of its acceptance and reliance on this Guaranty.

6. The Guarantors agree to pay all reasonable costs, expenses and fees, including all reasonable attorney's fees, which may be incurred by the City in enforcing or attempting to enforce this Guaranty following any default on the part of the Guarantors hereunder, whether the same shall be enforced by suit or otherwise.

7. 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 Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder 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. In order to entitle the City to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, provided that appropriate demand for payment or performance hereunder has been made by the City. Notwithstanding anything to the contrary, before demanding payment under this Guaranty, the City shall notify the Guarantors in writing of any default in their obligations and shall provide the Guarantors thirty (30) days to cure the default before invoking the provisions of this Guaranty.

8. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the City. In the event that any provision in this Guaranty should be breached by the Guarantors and thereafter duly waived by the City, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

9. All demands, notices and commitments hereunder shall be in writing and shall be personally delivered or deposited in the United States mail, postage prepaid, addressed as follows:

If to the Guarantors: Curtis Alan Gruidl and Madeline Ann Gruidl
59 Capri Drive
Mankato, MN 56001

If to City: City of Howard Lake, Minnesota
PO Box 736
625 8th Ave.
Howard Lake, MN 55349
Attn: City Administrator

or to such other address as any such party shall hereafter furnish to the other party in writing.

Any notice required herein shall be personally served or provided by certified mail, return receipt requested.

10. This Guaranty and every party thereof shall be binding upon the Guarantors and their respective heirs, legal representatives, successors and assigns and shall inure to the benefit of the City and its successors and assigns.

11. This Guaranty constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute the one and the same instrument.

12. The invalidity or unenforceability of any one or more phrases, sentences, clauses or paragraphs in the Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty, or any part thereof. This Guaranty shall be governed by the laws of the State of Minnesota.

13. This Guaranty may be executed in any number of counterparts, each of which shall constitute one and the same instrument

14. The Guarantors agree that the electronic signature of a party to this Guaranty shall be as valid as an original signature of such party and shall be effective to bind such party to this Guaranty. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

IN WITNESS WHEREOF, the Guarantors have caused this Guaranty to be duly executed as of the date and year first written above.

Curtis Alan Gruidl, an individual

____

Madeline Ann Gruidl, an individual

____

DRAFT

City of Howard Lake, Minnesota

Tax Increment Financing Plan for

Tax Increment Financing District No. 1-22
(Gruidl Event Center Redevelopment Project)

To Be Adopted: September 12, 2022

DDA
David Drown Associates, Inc.
Public Finance Advisors

Minneapolis Office:
5029 Upton Avenue South
Minneapolis, MN 55410
612-920-3320 (phone); 612-605-2375 (fax)
www.daviddrown.com

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Tax Increment Financing Plan for Tax Increment Financing District No. 1-22

Tax Increment Financing Plan for Tax Increment Financing District No. 1-22

Introductory Statement:

The primary purpose of this TIF District and Plan is to promote private development and redevelopment within the boundaries of the TIF District. This includes the proposed redevelopment of the former Orchard Christian Church which will be operated as a private event center.

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 Wright County.

"Developer" means any person undertaking construction or renovation in the Project Area.

"Development District" means Municipal Development District No. 1 in the City.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means the Howard Lake School District No. 2687.

"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. 1-22.

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

Section 2 Statement of Need and Public Purpose

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

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

The objectives of this tax increment financing plan are consistent with the objectives outlined in the Development Program.

Section 5 Specific Development Expected to Occur in the TIF District

Curtis and Maddie Gruidl are proposing to purchase the former Orchard Christian Church for the purpose of converting that substandard facility to a private event center. The Gruidls will be required to install a fire suppression system to comply with codes, and the cost of that portion of the project is estimated to be $150,000.

Section 6 Property to be Included in the TIF District

The TIF District includes the former Orchard Christian Church located at 800 5th Avenue in the City of Howard Lake. A map showing the location of the TIF District is provided in Exhibit 1. Valuation of this property and other statistics are included in Exhibit 2. The area encompassed by the TIF District also includes all street rights-of-way and utility or drainage easements located upon or adjacent to the property described above.

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:	
Building Renovation	$511,977
Finance Costs:	
Bond & Note Interest Payments	200,000
Administrative Costs	
Administration funded with TIF	71,197
Total Uses of Funds	**$783,174**

Sources of Funds

Tax Increments	$711,977
Interest Earnings	71,197
Total Sources of Funds	**$783,174**

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 the proposed development would not 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 2(b) requires a specific description of the fiscal and economic implications of the proposed TIF District on city operations, plus an estimate of the total TIF to be generated over the life of the TIF District attributable to each taxing jurisdiction.

City Service Costs: The property in the TIF District is served by existing public streets and utilities and the City intends to use tax increments from the proposed TIF District to assist in the renovation of a substandard structure by funding some of the improvements needed to make the facility functional and code compliant. Demands on City services are expected to be handled without increased public costs. City utilities are operated on a fee for service basis so usage revenues will cover increased costs. Impacts on police, fire and administrative costs are expected to be negligible.

The City has no plans to issue debt in connection with this project but reserves the right to do so if needed. Any proposed debt would not impair the City's ability to borrow for other project costs.

TIF Attribution. The City projects TIF collections will total $711,977 over the 26-year life of the TIF District. Of this total, $333,395 is attributable to the City's share of the tax levy; $215,530 from the County's share of tax levy, and $163,052 from the School Districts share of the tax levy. The school district tax impact is estimated high. In 2013 the State of Minnesota enacted new legislation that exempted that portion of the school levy that is used for local operating costs from TIF capture. This exemption has not been applied to the projected school levy.

Section 10 Property to be acquired in the TIF District

The Authority reserves the right to acquire, or reimburse developers for the acquisition costs of property in the TIF District, as itemized on Exhibit 2.

Section 11 Estimated Amount of Bonded Indebtedness

The Authority reserves the right to fund all Project costs using internal funding, general obligation bonds, pay-as-you-go financing or any other financing mechanism authorized by law. The maximum amount of bonds to be funded with tax increment revenues is $511,977. The Authority may issue tax increment bonds in excess of this amount using other sources of revenue as repayment for the bonds.

Section 12 Designation of TIF District as a Redevelopment District

The Tax Increment District qualifies as a redevelopment district. M.S. 469.174, Subd. 10 defines a redevelopment district as an area where the following conditions are reasonably distributed throughout the district:

(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way.

For purposes of this section, "structurally substandard" means containing defects in structural elements, essential utilities, light and ventilation, fire protection, interior layout and condition or similar factors of significant total significance to justify substantial renovation or clearance. A building is not substandard if it could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. A parcel cannot be considered "occupied by buildings, streets, utilities or other improvements" unless 15 percent of the area of the parcel contains improvements.

As summarized on Exhibit 2, one improved parcel constitutes one hundred percent (100%) of the area of the TIF District, and the existing building within the proposed TIF District has been found to be structurally substandard. Accordingly, it is our finding that the proposed TIF District satisfies the standards for a redevelopment district.

Section 13 Original Net Tax Capacity

The County Auditor will certify the Original Net Tax Capacity of the TIF District. The Estimated Market Value of the property in the TIF District as of January 1, 2022, for taxes payable in 2023 is estimated to be $552,400. The original net tax capacity of the TIF District is approximately **$10,298.**

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

changes in the tax-exempt status of property;

reductions or enlargements of the geographic area of the TIF District;

changes due to stipulation agreements or abatements; or changes in classification rates.

Section 14 Original Local Tax Rate

The County Auditor shall also certify the Original Local Tax Rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for 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 Local Tax Rate of the TIF District.

At the time this TIF Plan was prepared, the sum of all local tax rates that apply to property in the TIF District for taxes levied in 2021 and payable in 2022 is **144.490%.** The final Original Local Tax Rate may be higher or lower than this value, depending upon the final local tax rates for payable 2023.

Taxing Jurisdiction	2022 Local Tax Rate
City of Howard Lake	67.660%
Wright County	43.740%
School District 2687	33.090%
Other	.000%
Total	**144.490%**

The projected original local tax rate does not include the State of Minnesota property tax rate on commercial, industrial, and seasonal recreation property which is *not* captured as tax increment. Additionally, that portion of the school property tax levy attributed to operating costs is not captured as tax increment.

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 shall be 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.

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

Redevelopment districts may remain in existence for 25-years from receipt of the first tax increment. This results in 26 collections of tax increments. The City ***elects to receive the first tax increment collection in 2025***, which would result in the District terminating at year-end 2050. Modifications of this plan (see Section 28) may not extend these duration limits.

Section 17 Use of Tax Increments – Redevelopment Districts

Ninety percent (90%) of the tax increments generated from the TIF District must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include acquiring properties containing substandard buildings or improvements, making improvements to resolve code deficiencies in existing buildings, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks and parking facilities for the site. The allocated administrative expenses of the City may be included in the qualifying costs.

Section 18 Use of Tax Increments – General

Each year the County Treasurer shall 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 29);

(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 shall not 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, including social, recreational or conference facilities or a public park used as a commons area. Tax increments may be used to finance public parking facilities.

Tax increment may not be spent outside the TIF District on improvements, equipment, or other items whose primary purpose is decorative or aesthetic or if the materials used or design cost twice that of more commonly used equipment or improvements. This prohibition does not apply to improvements related to rehabilitating historic structures on national register or in a historic district listed on the national register.

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 than 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"

The 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. Tax increments 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.

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

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 actual tax increments collected.

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.

The City will include a complete listing of all building permits issued in the last 18 months in conjunction with all properties within the TIF District.

Section 25 Development Agreements

If more than 25% of the acreage of a project (which contains a redevelopment district) is to be acquired by the City with proceeds from tax increment bonds then, prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

Section 26 Business Subsidy Laws

Minnesota Statutes 116J.994 requires a City or Authority providing a business with a subsidy worth $25,000 or more to complete a subsidy approval process as described below. Housing projects and many redevelopment projects are exempt from the requirements.

Before granting a business subsidy, the Authority must complete the following:

(1) Adopt criteria for awarding business subsidies following a public hearing.

(2) Enter into a subsidy agreement which must include the following information and requirements:

a) A description of the subsidy.

b) A statement of the public purpose and goals of the subsidy.

c) Wage and job creation goals (or job retention goals, if job loss is imminent and demonstrable) to be achieved within 2 years of receiving the subsidy;

d) A description of the recipient’s financial obligation if the goals are not met. The recipient must pay back the assistance with interest if goals are not met, although pro-ration to reflect partial fulfillment of goals is permitted.

e) A statement of why the subsidy is needed.

f) A commitment from the recipient to continue operations at the site for at least 5 years;

g) The name and address of the parent company of the recipient;

h) A list of all other financial assistance to the project; and

i) A requirement for the recipient to provide the Authority and the Department of Employment and Economic Development with annual information regarding goals for two years after receiving the subsidy or until the goals are achieved. The reports must be filed by March 1 for the prior year.

If the business subsidy exceeds $150,000, the Authority must conduct a public hearing on the subsidy, after providing at least 10 days published notice in the local newspaper.

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, school board, 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, the school board, and the governing body of the municipality, if the municipality is not also the authority.

(3) Prepare a Minnesota Business Assistance Form. (116J.994) By April 1, the Authority must submit a report to the Department of Employment and Economic Development on wage and job goals and progress made in achieving them. A reporting form is provided by the Department, and must be submitted for each business which has received TIF assistance.

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 redevelopment 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 reasons and facts supporting this finding are that the facility located on the property has sat vacant for several years as the private sector has been unwilling to invest in the redevelopment of property. The City finds that the cost of acquiring existing properties and make necessary code improvements is excessive, and that the redevelopment of the the vacant former church facility will not move forward without assistance.

(3) 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 development is $947,600;

b) the present value of expected tax increments collected over the maximum duration of the TIF District is $357,049; and

c) the expected increased estimated market value of the site without the use of tax increment is $0 as the facility has remained vacant for several years and would likely require demolition at some point.

(4) 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 planning commission has reviewed the proposed re-use of the property and have found that re-use to be consistent with the development plans for the City.

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

The proposed development activities are necessary so that the redevelopment by private enterprise can occur within the Development District.

Exhibits

City of Howard Lake, Minnesota

Tax Increment Financing District No. 1-22

TIF District No. 1-22

The boundaries of Redevelopment Project Area No. 1 are coterminous with the City Limits.

Exhibit 1

City of Howard Lake, Minnesota
TIF District No. 1-22

Parcel Summary -- Areas, Values & Conditions

Owner of Record	Property Address	Parcel Identification Number:	Land Use	Parcel Square Footage	Substd Bldgs?	Land Improved?	Pay 23 Land	Pay 23 Building	Total Value	Est. Original Tax Cap.
WRIGHT COUNTY PARCELS										
Howard Lake Christian Church	800 5th Avenue	109-500-032400	Church	242,029	Yes	Yes	190,300	362,100	552,400	10,298
							190,300	362,100	552,400	10,298

Number of Parcels	1	
Area Included	242,029	sq. ft.
Area of Unimproved Parcels	-	sq. ft.
Percent of Area Improved	100%	
# of Parcels with Buildings	1	
# of Substandard Buildings	1	
% of Substandard Buildings	100%	

City of Howard Lake, Minnesota
TIF District No. 1-22

Tax Increment Projections

Valuations & Projected Increases

	Market	Tax Capacity
Original Values	552,400	10,298
Increased Value: (New Development)	1,500,000	29,250

Tax Rate Assumptions:

	2022 Tax Rate	Projected Avg. Rate
City of Howard Lake	67.660%	67.660%
Wright County	43.740%	43.740%
School District 2687	33.090%	33.090%
Other	0.000%	0.000%
	144.490%	144.490%

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 10.00% Admin. Retainage	0.36% State Auditor's Deduction	**TOTAL NET REVENUES**
2023	10,298	10,298	-	-	-	144.49%	**-**	-	-	**-**
2024	10,298	10,298	-	-	-	144.49%	**-**	-	-	**-**
2025	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2026	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2027	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2028	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2029	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2030	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2031	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2032	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2033	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2034	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2035	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2036	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2037	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2038	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2039	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2040	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2041	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2042	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2043	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2044	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2045	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2046	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2047	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2048	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2049	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
2050	10,298	29,250	18,952	-	18,952	144.49%	**27,384**	2,738	99	**24,547**
							711,977	**71,198**	**2,563**	**638,217**

City of Howard Lake, Minnesota
TIF District No. 1-22

STATEMENT OF FISCAL AND ECONOMIC IMPACTS OF PROPOSED TIF DISTRICT

	Without TIF District		With TIF District					
Taxing Jurisdiction	2022 Taxable Net Tax Capacity[(1)]	2022 Local Tax Rate	2022 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	1,803,129	67.66%	1,803,129	18,952	12,823	1,822,081	66.956%	0.704%
Wright County	199,120,569	43.74%	199,120,569	18,952	8,290	199,139,521	43.736%	0.004%
School District 2687	11,774,601	33.09%	11,774,601	18,952	6,271	11,793,553	33.037%	0.053%
Other [(2)]	--	0.00%	--	-	-	--	0.00%	--
Totals		144.49%			27,384		143.729%	0.761%

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 $711,977.

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 $333,395 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 are $163,052 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 $215,530.

(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. 1-22

Market Value Analysis

Increased Market Value of Site	$	947,600
Less Present Value of TIF Revenues	$	357,049
	$	590,551
Estimated Increased Site Value w/out TIF	$	-
Net Value Increase	$	590,551

Present Value of Tax Increments

Calculation Date:	7/26/2022
Present Value Factor:	5.00%

#	Year	Gross Tax Increment	Present Value
		-	-
1	2023	-	-
2	2024	-	-
3	2025	27,384	23,655
4	2026	27,384	22,529
5	2027	27,384	21,456
6	2028	27,384	20,434
7	2029	27,384	19,461
8	2030	27,384	18,534
9	2031	27,384	17,652
10	2032	27,384	16,811
11	2033	27,384	16,011
12	2034	27,384	15,248
13	2035	27,384	14,522
14	2036	27,384	13,831
15	2037	27,384	13,172
16	2038	27,384	12,545
17	2039	27,384	11,947
18	2040	27,384	11,379
19	2041	27,384	10,837
20	2042	27,384	10,321
21	2043	27,384	9,829
22	2044	27,384	9,361
23	2045	27,384	8,915
24	2046	27,384	8,491
25	2047	27,384	8,086
26	2048	27,384	7,701
27	2049	27,384	7,335
28	2050	27,384	6,985
		711,977	357,049

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

HELD: September 12, 2022

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 September 12, 2022, at 7:00 p.m.

The following members of the Council were present:

and the following were absent:

Member ______________ introduced the following resolution and moved its adoption:

RESOLUTION # 22-17
APPROVING THE CREATION OF TAX INCREMENT FINANCING DISTRICT NO. 1-22 WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1 AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A It has been proposed that the City of Howard Lake, Minnesota (the "City"), create Tax Increment Financing District No. 1-22 within Municipal Development District No. 1 and adopt a tax increment financing plan with respect thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 (inclusive, the "Act"); and

B. The City of Howard Lake has investigated the facts and has caused to be prepared the tax increment financing plan for Tax Increment Financing District No. 1-22 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. 1-22 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 ISD #2687 having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-22, and the holding of a public hearing upon published and required notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Howard Lake as follows:

1. Tax Increment Financing District No. 1-22 within Municipal Development District No. 1. The City hereby approves the creation of Tax Increment Financing District No. 1-22 within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.

2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-22 within Municipal Development District No. 1, and the City Council makes the following findings:

(a) Tax Increment Financing District No. 1-22 is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The reasons and facts supporting this finding are that over 70% of the parcels included in the TIF District are improved parcels, and over 50% of the buildings in the TIF District have been inspected and found to be substandard.

(b) The proposed development in the opinion of the City Council, 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. 1-22 permitted by the Tax Increment Financing Plan.

The reasons and facts supporting this finding are that the facility located on the property has sat vacant for several years as the private sector has been unwilling to invest in the redevelopment of property. The City finds that the cost of acquiring existing properties and make necessary code improvements is excessive, and that the redevelopment of the vacant former church facility will not move forward without assistance.

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. This analysis indicates that:

i. the increase in estimated market value of the proposed development is $947,600;

ii. the present value of expected tax increments collected over the maximum duration of the TIF District is $357,049; and

iii. the expected increased estimated market value of the site without the use of tax increment is $0.

(c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-22 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 planning commission has reviewed the proposed re-use of the property and have found that re-use to be consistent with the development plans for the City.

(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 or redevelopment of Tax Increment Financing District No. 1-22 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 Development District.

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 which is already built up 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. 1-22 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 District No. 1-22 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

6. Authorization for Execution of TIF Loan Agreement. The Mayor and City Administrator are hereby authorized to execute the TIF Loan agreement with Caddie Ventures, LLC and related documents.

7. 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 Office of the State Auditor.

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
COUNTY OF WRIGHT
CITY OF HOWARD LAKE

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 creation of Tax Increment Financing District No. 1-22 within Municipal Development District No. 1 in the City.

WITNESS my hand this 12th day of September, 2022.

____
City Administrator

DDA
David Drown Associates, Inc.
Public Finance Advisors

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

September 7, 2022

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 Caddie Venues, LLC on the Reeds & Rushes event center project for some time. The City Council previously initiated the creation of Tax Increment Financing District No. 1-22, a redevelopment tax increment financing district, to aid in required code improvements that are needed to operate the facility.

As the City is providing an upfront loan to make the required code improvements, it has been determined that tax increments from TIF District 1-18, Forsman Farms District, are available to assist in funding a portion of the loan under economic stimulus legislation approved by the State.

To fund such a stimulus loan the city must undertake a process defined by Minnesota Statutes to adopt a spending plan. A public hearing is required as part of this process which will be held at the September 12, 2022, City Council meeting. The purpose of the public hearing is to receive public comment regarding the proposed spending plan.

A copy of the draft Spending Plan for Tax Increment Financing District No. 1-18 is attached for your consideration along with a resolution providing for its adoption. 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

Shannon Sweeney, Associate
David Drown Associates, Inc.

City of Howard Lake, Minnesota

Tax Increment Financing Spending Plan for
Tax Increment Financing District No. 1-18 "Forsman Farms"

Proposed for Adoption: September 12, 2022

Background:
Minnesota Statute 469.176 Subdivision (4n) modified the tax increment statutes to provide temporary authority to stimulate construction. This statute indicates that tax increments from an existing tax increment district, which are unobligated for the payment of bonds, may be transferred for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, 2025, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirement of clause (1) financially feasible.

For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described above and details the use of transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing. Increment that is improperly retained, received, spent, or transferred is not eligible for transfer.

An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality. The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent by December 31, 2025. Increment not spent by December 31, 2025, must be returned to the district. If the district has already been decertified, the increment shall be treated as excess increment.

Budget for TIF District 1-18 "Forsman Farms"

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:	
Land/Building Acquisition	$1,000,000
Public Utilities	500,000
Streets & Sidewalks	500,000
Site Improvements	2,000,000
	$4,000,000
Finance Costs:	
Bond & Note Interest Payments	$768,043

	<u>Administrative Costs</u>	
	Administration funded with TIF	$ 300,000
	Administration funded with other	0
		$ 300,000
	Total Uses of Funds	**$5,068,043**
Sources of Funds		
	Tax Increments	$4,618,043
	Investment Interest	450,000
	Total Sources of Funds	**$5,068,043**

The Authority reserves the right to adjust the amount of any of the items in the budget listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased. The Authority also reserves the right to fund the full amount of public costs with tax increment revenues.

Spending Plan:

The Authority plans to financially assist private individuals that are intending to acquire the former Orchard Christian Church located within the City of Howard Lake for the purpose of renovating it to serve as a private event center. As a part of that process, the new owners are required to make a number of building code improvements, the most expensive of which is the installation of a fire suppression system (sprinklers).

The Authority intends to utilize up to $56,000 of unobligated tax increments from TIF District 1-18 to assist with the renovation project.

The proposed project will create construction jobs during the facility renovation and will lead to additional economic activity within the City by offering private event space. Construction will start in the fall of 2022 and all proceeds will be spent prior to December 31, 2025.

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

HELD: September 12, 2022

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 September 12, 2022, at 7:00 p.m.

The following members of the Council were present:

and the following were absent:

Member ______________ introduced the following resolution and moved its adoption:

RESOLUTION # 22-18

ADOPTING A SPENDING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1-18

WHEREAS:

A Minnesota Statutes, Sections 469.176 Subd. (4n) provides authority to use unobligated tax increments to stimulate construction; and

B. Caddie Ventures, LLC will be undertaking significant renovations to a former church facility to convert it into an event center; and

C. The City has performed all actions required by law to be performed prior to the adoption of a spending plan for Tax Increment Financing District No. 1-18 including the holding of a public hearing upon published and required notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Howard Lake as follows:

1. Tax Increment Financing District 1-18 Spending Plan. The Tax Increment Financing Spending Plan for Tax Increment Financing District is hereby adopted.

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
COUNTY OF WRIGHT
CITY OF HOWARD LAKE

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 adoption of a spending plan for Tax Increment Financing District No. 1-18 within Municipal Development District No. 1 in the City.

WITNESS my hand this 12th day of September, 2022.

____
City Administrator

HOWARD LAKE CITY COUNCIL MEETING

September 12, 2022

AGENDA ITEM: **Discuss Proposed Ordinance Revisions to 12.03 Snow Plowing & Ice Control**

SECTION: New Business

FROM: Meagan Theisen, Assistant City Administrator

BACKGROUND: The City regulates snow plowing and ice control measures city wide including rules, regulations and procedures surrounding snow clearing on city streets, parking lots, sidewalks and trails.

ISSUES

1. <u>The current city ordinance is in conflict with current city practices.</u>
   - 12.03 vaguely prioritizes snow plowing priority.
     - Staff has a more detailed priority listing that is followed.
   - 12.03 requires property owners to clear snow and manage ice control on sidewalks adjacent to their property.
     - Public works currently is responsible for all sidewalks and trails. The City applies sand/salt around city facilities but not the balance of the sidewalk or trail system.
   - The ordinance lists specific costs for snow removal.
     - Our current practice is to pass a standard fee schedule annually rather than modify ordinances which require more exhaustive notification and publication periods.

2. <u>The City has grown geographically since 2011 when council agreed to manage sidewalk/trail snow removal.</u>
   - Terning Trails, Villas of Howard Lake etc are new plats not previously maintained by city staff.

3. <u>The City has assumed more responsibilities and increased service expectations since 2011 when council agreed to manage residential sidewalks.</u>
   - The City formally contracted certain work out such as downtown sidewalks and parking lots. Administration has increased the service level expectations throughout town. Not only is staff expected to do more, but do better.

4. <u>Staff & Financial Considerations</u>
   - Labor and material costs have increased dramatically over the years. Excluding the current years rate of inflation, there is an average of 40% inflation increase since 2010.

5. <u>Nuisance, Reoccurring Snow Events, Other Disruptions</u>
   - Our current standard operating procedures for snow clearing assumes 72 hours from start-to-finish to address all snow removals. However, that assumes snow events are timed during normal working hours, there are no equipment breakdowns, staff PTO. Disruptions in any of those also extends completion times. Similar issues occur when there are back-to-back snow events. Therefore, snow clearing has taken as little as 2 days and as much as 7 days or more.

Sidewalk & Trail Construction and Maintenance Evolution

- **1999** City contracted with private individuals for snow removal downtown.
- **2011** Council approves street project which includes expanding sidewalk network. Considerable resident debate about inability to maintain sidewalks. Council approves $35,000 bobcat purchase in order for city staff to manage snow removal.
- Council minutes reference updating snow ordinance at a future date.
- **2012** The young, dumb and recently hired Haggenmiller instructs public works staff to complete snow removal on ALL sidewalks. At some point between 2000 and 2011 city staff assumes responsibility for downtown snow removal.
- **2013** An ordinance modification to put the responsibility on to the homeowner was brought forward to council but was not acted upon.
- **2014** The Lodge of Howard Lake opens, with that the Trail connection is added to the snow removal list.
- **2016** Lake Ridge sidewalks are added to snow event list.
- **2017** Formal SOPs are established for snow removal.
- **2018** Downtown to Memorial Park trail added to SOPs & Imhoff Trail
- **2019** Downtown and facility related improvements are addressed in SOPs
- **2020** Villas development added to SOPs
- Letter sent to all downtown business owners encouraging them to "assist" with snow removal. No impact noted.
- **2022** CSAH 7 & Terning Trails Phase 2

What do other cities do?

- We found numerous examples of municipalities completing snow & ice control on trails.
- We found several examples of municipalities completing snow & ice control in business districts.
  - There were deviations on how it was handled: contracted, business owner paid etc.
- At least of the dozen+ municipalities reviewed, we could not find any examples where the city agreed to do “all” residential sidewalks.

Proposed (Specific to Sidewalks/Trails)

- Downtown Business District Sidewalks
- Multi-Modal Trails
- Sidewalks and/or other areas immediately adjacent to city owned property.

EXCLUDED

- Highway 12 corridor west and east of County Road 6 North and South
- Residential sidewalks
- Plus-it-up services
  - Snow/ice not able to be cleared within a foot of buildings, entryways etc
  - Sand/salt control outside of city owned properties

DECISION MAKING METRICS:

FINANCIAL: In 2021 when this was last discussed, rough calculations suggested hiring an additional seasonal employee to maintain status quo, would cost the city an additional $8,000. The same position is set to make about $3/hr more in 2023. However, filling part-time/seasonal positions

LEGAL: Ordinance modifications require a 30 day publication period before going into effect.

COUNCIL ACTION REQUESTED:

Council Discussion

- What is realistic for our staff and budget?
- What is realistic for our residents to be responsible for completing?
- What do we do in instances of non-compliance?
- What are the next steps?

Proposed Next Steps

- Set public hearing for first reading of revised ordinance.
- Begin aggressive outreach to businesses and residents on ordinance modification.
- Hold public hearing on October 17, 2022 – 7pm

ATTACHMENTS:

1. Snow & Ice Control Ordinance
2. Snow Clearing Procedures
3. Comprehensive Sidewalk/Trail Map
4. Proposed City Maintenance Areas

Chapter 12.03

Howard Lake Snow Plowing/Ice Control Procedures

Section 1. Purpose and Need for Policy. The City of Howard Lake, being a growing City, needs to annually review and adopt a policy regarding efficient and timely removal of snow and control of ice in order to best provide for safe travel for the greatest number of persons. This policy outlines the responsibility within the Public Works Department in order to accomplish this goal.

Section 2. Policy. Each year the Pubic Works Department prepares a map of the City showing the public street system. This map clearly delineates thoroughfare and local residential streets. The map is then divided into routes for purposes of snow and ice control.

Within each of areas, the City has classified city streets based on the street function, relative traffic volume, and importance to the welfare of the community. Those streets classified as priority “A” streets will be plowed first. These are higher volume streets which connect major sections of the city and provide access for emergency fire, police and medical services. The second priority streets (priority “B”) are those streets providing access to schools and commercial businesses. The third priority streets (priority “C”) are low volume residential streets. Fourth priority (priority “D”) are cul-de-sacs. (See Exhibit A).

Section 3. Procedures. The Police Department assists Maintenance Division Supervisors in monitoring street conditions and notifies Maintenance Division personnel of snow and ice conditions needing attention. Maintenance Division personnel are notified in accordance with the Public Works Department Schedule for Emergency Calls.

The Maintenance Division, with the assistance of the Police Department, monitors street conditions and is responsible for making the decision to call out personnel and equipment to begin snow and ice control operations.

Section 4. Responsibility. The Maintenance Division, with the assistance of the Police Department, monitors the street conditions to determine the timing and amount of equipment and personnel necessary to clear the streets.

Section 5. Commencement of Operations. Snow plowing and/or ice control operations shall commence under the direction of the Street Superintendent and the Public Works Foreman. In his absence the Police Department Patrol Officer on duty and the Superintendent’s designated representative will consult and determine when and what operations will begin in accordance with provisions of Exhibit A attached.

In general, operations shall commence as follows:

A. Snow accumulation of 2”, with continual snow fall, warrants commencement of plowing operations.

B. Drifting of snow may warrant commencement of partial or full operations depending upon conditions.

C. Icing of pavements may warrant partial or full operation depending upon extent and conditions.

Section 6. How Snow Will Be Plowed. Snow shall be plowed in a manner so as to minimize traffic obstructions. The center of the roadway will be plowed first. The snow shall then be pushed from left to right with the discharge going onto the boulevard area of the right-of-way. It is the Departmental goal to have the entire street system cleaned after a “typical” snowfall in approximately 10 hours, assuming a general plowing operation beginning at 3:00 A.M. and snowfall ending by 7:00 A.M. Depending on snowfall conditions and duration of the storm, cleanup operations can widely fluctuate.

Section 7. Use of Sand and Salt. The City is concerned about the effect of sand and salt on the environment and will limit its use for that reason. Therefore, it is the policy of the City to utilize a sand and salt mixture in the ratio of approximately 3 parts sand and 1 part salt. This provides for traction, but is not intended to provide bare pavement during winter conditions. Application of the sand/salt mixture is generally limited to priority “A” routes, steep grades and high volume intersections. Application is limited on lower volume streets and cul-de-sacs. The City cannot be responsible for damage to grass caused by the sand/salt mixture and therefore will not make repairs or compensate residents for salt damage to turf areas in the street right-of-way.

Section 8. Suspension of Operations. Generally, operations shall continue until all roads are passable. Widening and clean up operations may continue immediately or on the following working day depending upon conditions and circumstances. Safety of the plow operators and the public is important. Therefore, snow plowing/removal operations may be terminated after 10-12 hours to allow personnel adequate time for rest. There may be instances when this is not possible depending on storm conditions and other circumstances. Operations may also be suspended during periods of limited visibility. Any decision to suspend operations shall be made by the Street Division Superintendent and Public Works Foreman, and shall be based on the conditions of the storm. The City will still provide access for emergency fire, police and medical services during a major snow or ice storm.

Section 9. Property Damage. Snow plowing and ice control operations can cause property damage even under the best of circumstances and care on the part of the operators. The major types of damage are to improvements in the City right-of-way which extends approximate 10’ to 15’ beyond the curb location. The intent of the right-of-way is to provide room for snow storage, utilities, sidewalks and other City uses. However, certain private improvements such as mailboxes are required within this area. Therefore, the City will cooperate with the property owner to determine if the damage is the responsibility of the City and when it shall be the responsibility of the resident. The City accepts responsibility for mailboxes which are allowed to be placed in the road right-of-way, if the damage is by physically being struck by a plow blade, wing, or other piece of equipment. Mailboxes should be constructed sturdily enough to withstand snow rolling off a plow or a wing. Therefore, damage resulting from snow is the responsibility of the resident. The City will repair or replace mailboxes in those instances where the City is responsible for the damage. Damage to fences, trees or other structures will be repaired or replaced by the City if they are on private property. Lawns that are scraped or gouged by City equipment will be repaired by top dressing and seeding the following Spring. Residents are requested to assist by watering the areas that are repaired.

In instances where there is disagreement as to the source of the damage and the responsibility therefore, the Foreman of Public Works and/or Police Department shall determine the responsibility.

Section 10. Driveways. One of the most frequent and most irritable problems in removal of snow from public streets is the snow deposited in driveways during plowing operations. Snow being accumulated on the plow blade has no place to go but in the driveway. The driver's make every attempt to minimize the amount of snow deposited in driveways, but the amount can still be significant. Based on priorities and staffing level, City personnel do not provide driveway cleaning.

Section 11. Mail Delivery. The snow plow operators make every effort to remove snow as close to the curb line as practical and to provide access to mailboxes for the Postal Department. However, it is not possible to provide perfect conditions and minimize damage to mailboxes with the size and type of equipment the City operates. Therefore, the final cleaning adjacent to mailboxes is the responsibility of each resident.

Section 12. Complaints. Complaints regarding snow and ice control or damage shall be taken during normal working hours and handled in accordance with the City's complaint procedures. Complaints involving access to property or problems requiring immediate attention shall be handled on a priority basis. Response time should not exceed twenty-four (24) hours for any complaint. It should be understood that complaint responses are to ensure that the provisions of this policy have been fulfilled and that all residents of the City have been treated uniformly. It is the City's intention to log all complaints and upgrade this policy as necessary in consideration of the constraints of our resources.

Section 13. Towing. The City Police Department is hereby authorized to have towed away and stored any vehicle found to be parked in violation of this chapter. The owner may reclaim the vehicle by exhibiting satisfactory proof of ownership and paying in full all towing and storage charges for said vehicle.

Snow Removal From Public Sidewalks

Section 14. Cleaning Sidewalks. All property owners and occupants of all buildings and lots shall be responsible for maintaining all sidewalks at the front, rear, or side of their property. Snow shall be removed from all sidewalks by (6) six o'clock am, in all commercial and business zoning districts, Snow shall be removed from all sidewalks by (10) ten o'clock a. m. in all residential zoning districts. The occupants and owners of all buildings and lots shall be responsible for the cost and arrangements of snow removal.

Section 15. City Removal. If the owner or occupant of the property abutting any public sidewalk upon which snow or ice has accumulated fails to abate the nuisance thereby created within twenty-four (24) hours after such snow or ice has ceased to be deposited upon such sidewalk, the City Administrator or his designated agent may cause the removal of such snow or ice. The agent causing such removal shall maintain a record showing the cost of such removal attributable to each separate lot and parcel and shall deliver such information to the City Administrator. The cost for removal is at a rate of $35.00 per hour with a one hour minimum $35.00 charge. If it is necessary to have the snow hauled away, an additional charge of $50.00 per hour shall be charged.

Section 16. Assessment. Upon receipt of the information required by the preceding subdivision, the City Administrator shall forward to the Council a statement setting forth the unpaid charge for the cost of the removal of any snow or ice pursuant to Section 14 hereof for each separate lot or parcel. The Council may then, pursuant to the provisions of Minnesota Statutes, Chapter 429, assess any such charge against the property benefited, and any such assessment shall, at the time at which taxes are certified to the County Auditor, be certified for collection in the manner that other special assessments are so certified.

Section 17. Civil Suit for Cost of Removal. The City Administrator or City Council as an alternative to the assessment procedure set forth in Section 15, may initiate a civil suit in a court of competent jurisdiction to recover from the owner of land adjacent to which sidewalks have been cleared as provided in Section 2 hereof, the cost of the removal of snow or ice, together with allowable costs and disbursements.

Section 18. Placing Snow or Ice on Public Streets or City Property. It is unlawful for any person, not acting under contract with the City, to remove snow or ice from private property and place, in such quantity or manner as to cause a hazard to travel, such snow or ice upon a public right-of-way, without proper arrangements for the immediate removal thereof. It is unlawful for any person, not acting under contract with the City, to place or deposit any snow or ice upon City property.

Parking Regulations

Section 19. Times and Date of Prohibited Parking. No vehicle shall be left standing or parked between 2:30 AM. and 7:00 AM. on any street, state highway, or county road within the city limits of the City of Howard Lake. This provision shall be in force between 12:01 AM. on November 1st of every year and 11:59 P.M. on March 31st of the following year.

Section 20. Parking Prohibited Until Street Plowed. Immediately after the end of a snowfall, no vehicle shall be left standing or parked upon any street or other right-of-way within the city limits of the City of Howard Lake until said street or highway is plowed.

Section 21. Plowing, General Snow Removal. Downtown streets shall generally be plowed in the same manner as all other city streets. The Street Superintendent or the Public Works Foreman may elect to plow downtown streets during evening or early morning hours to avoid traffic and parked vehicle congestion. Downtown streets may be plowed outward or to the center of the street at the discretion of the Street Superintendent or Public Works Foreman. City owned parking lots are generally plowed at the same time as downtown streets. Snow may be piled for removal when snow is hauled from downtown.

Section 22. Snow Hauling. Downtown snow hauling, if necessary, shall begin after all streets have been plowed.

Section 23. Wright County or State of Minnesota Street Maintenance. Certain streets within the City are maintained by Wright County or the State of Minnesota and fall under the county or state maintenance policies.

Section 24. Snow Depths. Snow depth at the corners of intersections shall be reduced to 36 inches or less following other necessary operations. The Street Superintendent or Public Works Foreman have the authority to determine the scheduling and priority of this function.

Section 25. No Parking Zones. The City Council may be resolution designate and establish certain areas where there shall be no parking during specified hours for snow removal. The Police Department and the Street Superintendent shall mark by appropriate signs all zones so established. During the hours specified no person shall park in said zone.

Section 26. Penalty. Any person convicted of violating any provision of this ordinance shall be guilty of a misdemeanor.

Plowing/Sanding Priorities

PRIORITY "A"

Streets with greatest priority

PRIORITY "B"

Streets providing access to schools and commercial property

PRIORITY "C"

Lower volume residential streets

PRIORITY "D"

Cul-de-sacs

Snow Clearing Operations – Order of Priorities

The following list should be used to help determine timelines to commence and end snow clearing operations. The following are guidelines, depending on the snowfall some items may need to be rearranged or completed sooner. Use this as a planning tool and modify for each snow event.

Prior to snow event

1. Be a Forecast Junkie and brag about it to coworkers and city hall.
2. Pretreating salt/sand
    a. High use intersections & main arterial streets (map 1).
3. Plowing to start when 2" of snow accumulates.
    a. Expectation is to plow curb-to-curb unless specifically approved between public works and city administration.
    b. High traffic and main arterial streets are opened up. (map 1)
4. Public works lead communicates overall plan for snow removal for event.

Day 1 & as needed during events

1. Discuss and declare Snow Emergency if necessary, post on Facebook
2. <u>Plow Curb to curb</u> all streets and cul-de-sacs, Block 18, Historic City Hall and Park and Ride parking lot, Fire Department, alleys, shop and maintenance shop
3. Sand/salt as necessary.
4. City Facilities (map 2)
    a. City Hall
    b. 8th Avenue
        i. Scrape curb line in front of city hall, Snap and USPS.
    c. Historic City Hall
        i. Entrances to event center & ice spot on sidewalk.
        ii. Confirm rental schedule
    d. Library/Community Room
        i. Confirm open hours and rental schedule
    e. Downtown/Legion Parking Lot
        i. Remove snow pile, stairs and sidewalk
    f. Fire Hall entrance sidewalk
    g. Block 18 & Public Park n ride
    h. Maintenance Shop
    i. Street Shop
5. Clear snow from downtown sidewalks
6. Public works lead to communicate to city administration and police on snow emergency and status of this list at the end of the day with indication of who remains on call and who/when work will resume the next day.

Day 2

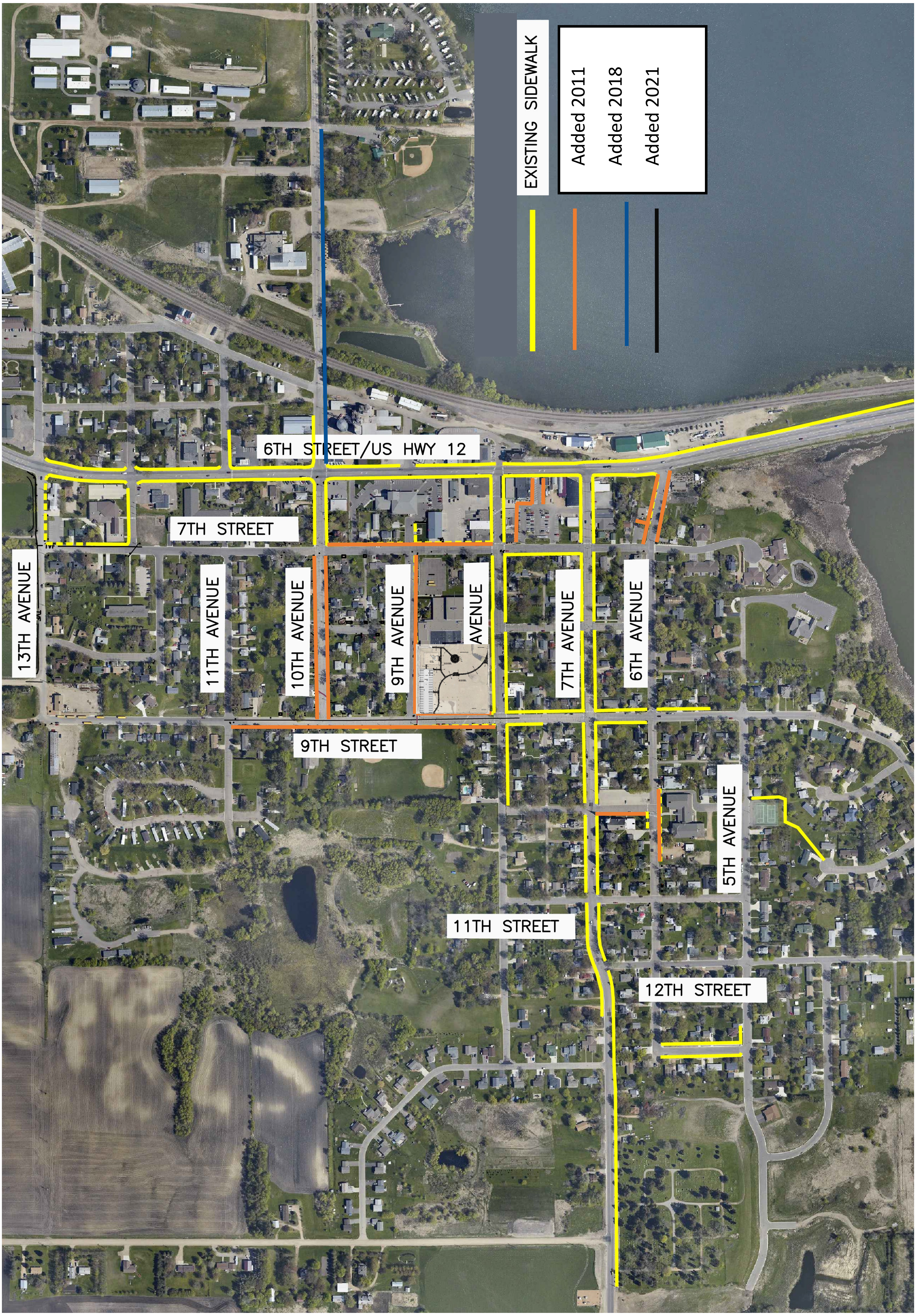
1. Check in with city hall to status, check for any trouble spots/complaints/issues. (map 3)
2. Lions Park & Memorial Park Parking Lots.
3. Trails.
4. Residential sidewalks (if possible, otherwise day 3)
5. Complete Highway 12 Clean up (requires MNDOT pre-approval)

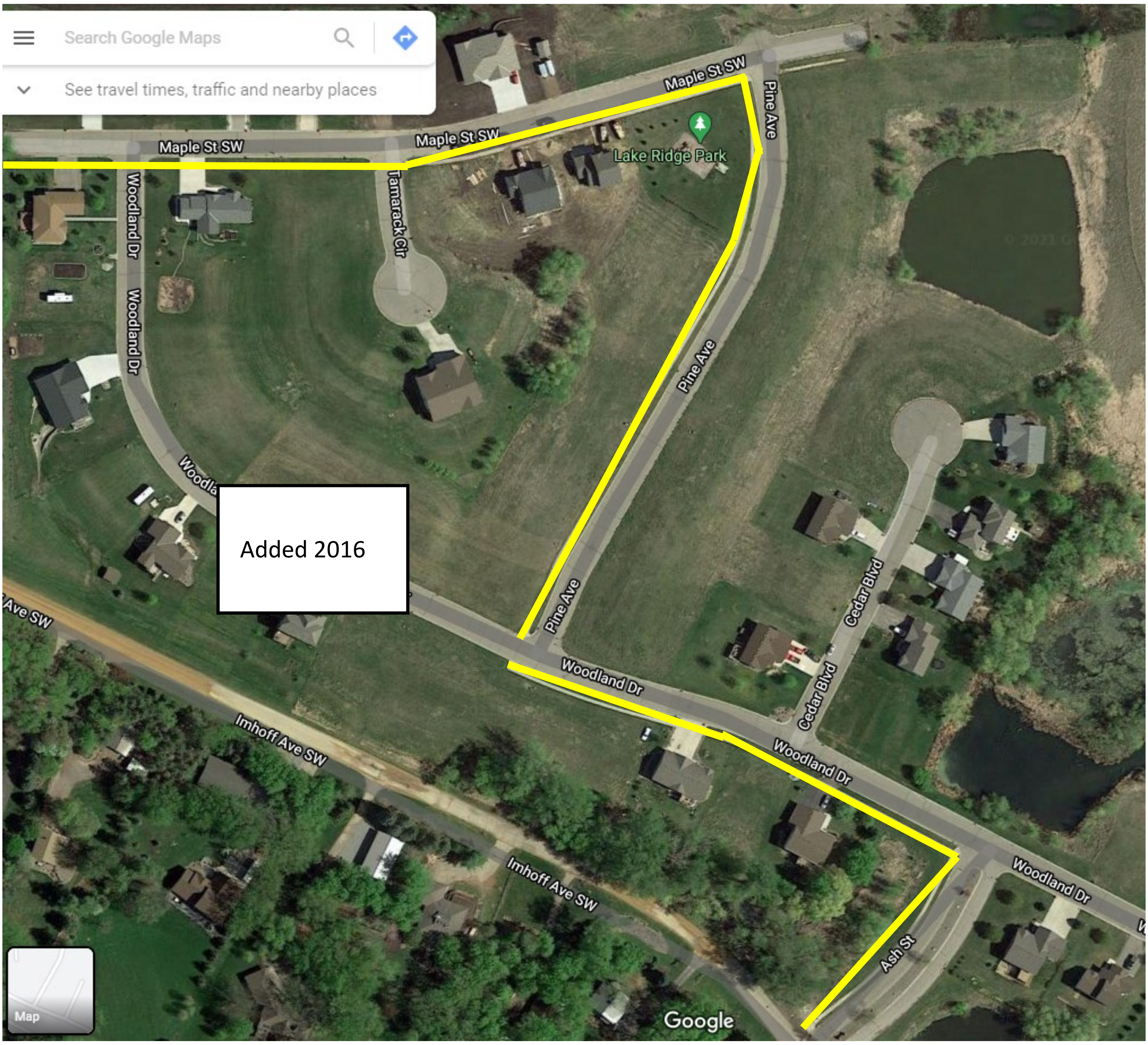
Day 3

1. Submit time/material/equipment sheets to city administration for billing.
2. Final touchups with shovels/small equipment
   The expectation of staff is to provide a surface a reasonably ambulatory person can use.
   a. Downtown sidewalks and businesses
   b. Garbage cans
   c. Street poles
   d. Narrow sidewalks/Residential Sidewalks
2. Haul piles to clear parking lots and sight lines at intersections, cul de sacs (if possible lower priority)
3. Ice Rink, including path from parking lot, on to ice to the skating area.
4. Lake Access Points
5. Report any/all accidents and incidents to city admin on ICR sheets.
6. Fix, Clean and Prepare equipment for next round.

As Needed

1. Fire Hydrants
2. Lift stations


EXISTING SIDEWALK
Added 2011
Added 2018
Added 2021
6TH STREET/US HWY 12
7TH STREET
13TH AVENUE
11TH AVENUE
10TH AVENUE
9TH AVENUE
AVENUE
7TH AVENUE
6TH AVENUE
9TH STREET
5TH AVENUE
11TH STREET
12TH STREET



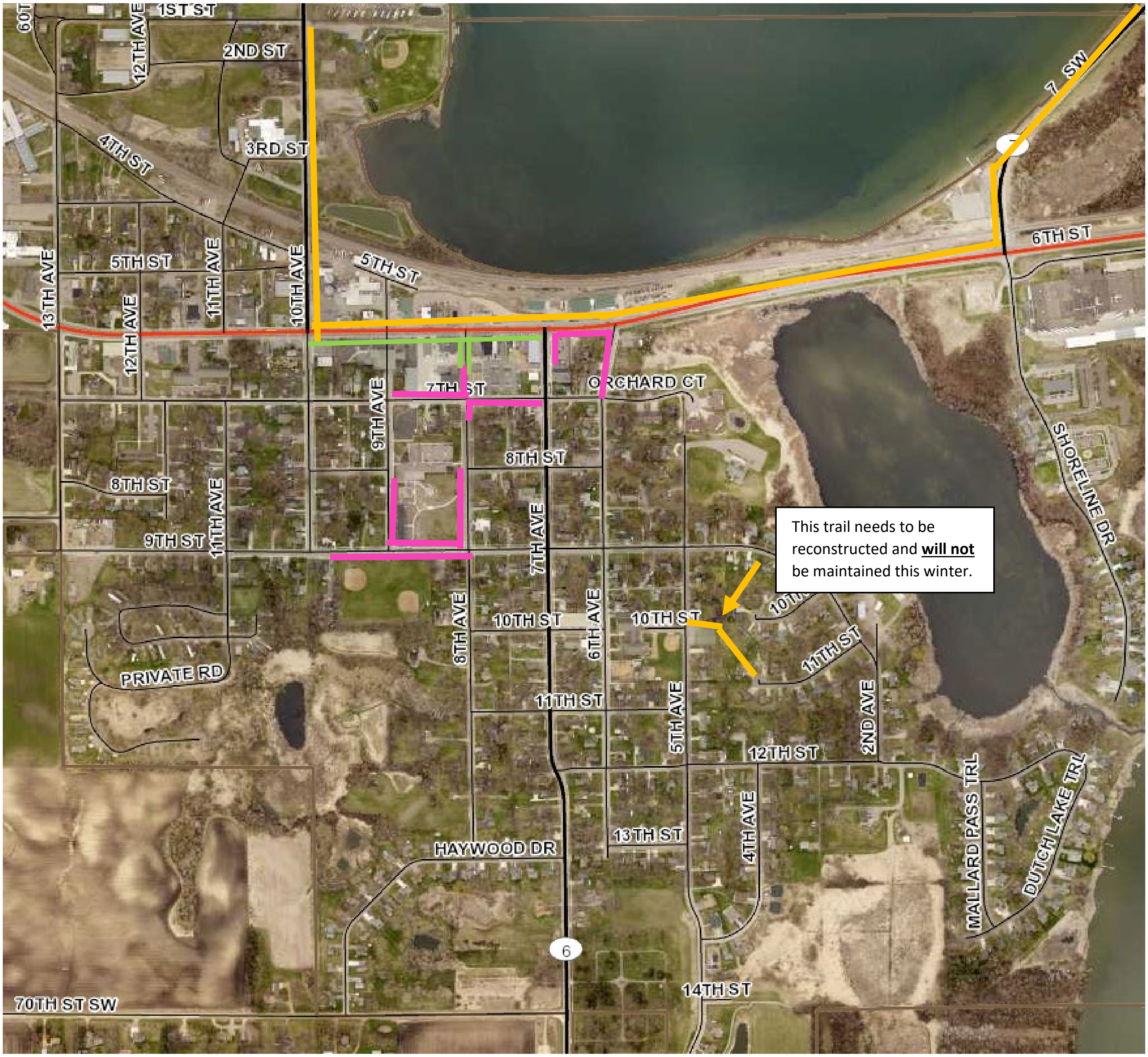
Search Google Maps
See travel times, traffic and nearby places
Maple St SW
Maple St SW
Maple St SW
Woodland Dr
Woodland Dr
Tamarack Cir
Pine Ave
Pine Ave
Pine Ave
Lake Ridge Park
Added 2016
Cedar Blvd
Cedar Blvd
Woodland Dr
Woodland Dr
Woodland Dr
Imhoff Ave SW
Imhoff Ave SW
Ash St
Map
Google


Ash St
Willow Ct
Imhoff Ave SW
Ingram Ave SW
Added 2018
Imhoff Ave SW
Imhoff Ave SW
Imhoff Ave SW
© 2021 Google

Coming online
2021/22
1st St E
1st St E
County Rd 7 SW
Lion's Park
County Rd 7 SW
Mary Ilisa
The Pit Stop
Google
Lakeview Wood


1st St E
1st St E
1st St E
1st St E
The Lodge of Howard Lake
Added 2014
Added 2021
Added 2017
Terning Way
7
12


1st St E
1st St E
1st St E
Coming online
2021/22
12

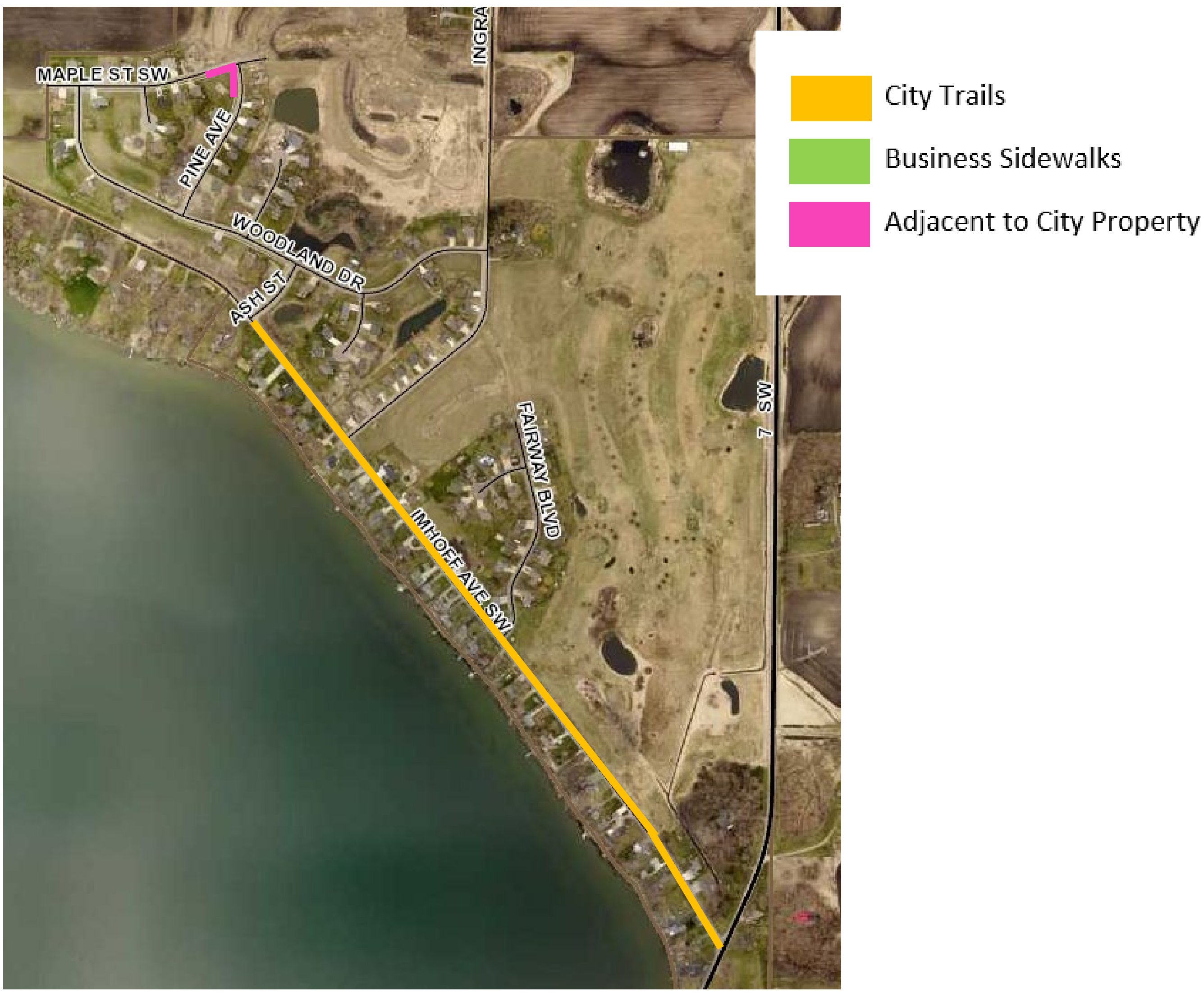


City Trails

Business Sidewalks

Adjacent to City Property

AVE SW
7 SW
1ST ST E
HOWE AVE SW
TERNING WAY
PARADISE PL
HERITAGE VE
12 SW
12
6TH ST
DURA DR
LAKE DR



MAPLE ST SW
PINE AVE
WOODLAND DR
ASH ST
INGRA
FAIRWAY BLVD
IMHOFF AVE SW
7 SW
City Trails
Business Sidewalks
Adjacent to City Property