



Park Rapids
City Council
Agenda Packet
for
September 10, 2024
Regular Meeting

**PARK RAPIDS CITY COUNCIL
REGULAR MEETING AGENDA
TUESDAY, SEPTEMBER 10, 2024 6:00 PM
PARK RAPIDS CITY COUNCIL CHAMBERS
PARK RAPIDS, MINNESOTA**

Page

1. **CALL TO ORDER:** *The Pledge of Allegiance will be recited by all those present.*
2. **ROLL CALL:**
3. **APPROVE AGENDA:** *Councilmembers may add or delete items on the agenda at this time.*
4. **PUBLIC HEARING:**
 - 4.1. Creation of Tax Increment Financing District No. 2-13.....
 - 4.2. Adoption of a Business Subsidy for PR PR LLC
5. **APPROVE MINUTES:**
 - 5.1. City Council Regular Meeting Minutes – August 27th, 2024 1
 - 5.2. City Council Work Session Meeting Minutes – August 27th, 2024..... 5
6. **FINANCE:**
 - 6.1. Payables in the Amount of \$102,077.90 and Prepays in the Amount of \$685,934.33 7
7. **CONSENT AGENDA:** *All items listed with an (*) are considered to be non-controversial by the staff, but not necessarily by the Council, and will be approved by one motion. There will be no separate discussion of these items unless a Councilmember, City Staff or Citizen so requests, in which case, the item will be removed from the consent agenda and considered immediately following consent vote.*
 - *7.1. Proclaiming September 8th – 14th, 2024 as National Direct Support Professional Recognition Week in the City of Park Rapids 11
 - *7.2. Resolution #2024-105 Approve Minnesota Lawful Gambling LG220 Application for Exempt permit for the North Country Friends of the NRA..... 13
 - *7.3. Resolution #2024-106 Approve Minnesota Lawful Gambling LG240B Application to Conduct Excluded Bingo for the Headwaters Animal Shelter..... 14
 - *7.4. Final Reading of Ordinance No. 627: Resolution #2024-107 Approve Zoning of a Recently Annexed Property as R-1 Single Family Residential District at PID# 32.22.01900 15
 - *7.5. Call for Public Hearing on September 24th, 2024 to Discuss Ordinance Amendment of Mayor and Council Wage Increase 18

*7.6.	Call for Public Hearing on September 24 th , 2024 to Discuss Civil Enforcement Ordinance	19
*7.7.	Approve Payment in the Amount of \$1,575.00 to BIR Performance Driving School	20
*7.8.	Approve Payment in the Amount of \$59,886.03 to Dondelinger Chevy Buick Inc	21
*7.9.	Approve Payment in the Amount of \$2,018.00 to Hawkins, Inc.	22
*7.10.	Approve Payment in the Amount of \$6,998.00 to Minnesota Pump Works.....	23
*7.11.	Approve Payment in the Amount of \$5,198.00 to Northern Pines Plumbing, Heating & Electric	24
*7.12.	Approve Payment in the Amount of \$1,725.00 to Sand Creek EAP, LLC	25
*7.13.	Donations to the City of Park Rapids as of September 10 th , 2024	26
8.	COMMENTS FROM CITIZENS: <i>Individuals have 3 minutes to discuss the topic they wish to bring to Councils' attention about any item not contained on the regular agenda. The Mayor will call you up to speak on your issue. The Council will take no official action on items discussed, with the exception of referral to staff for future report. If there are no comments, the City Council will continue with the regular agenda.</i>	
9.	PLANNING:	
10.	GENERAL BUSINESS:	
10.1.	Resolution #2024-108 Accept Resignation of Mayor Ryan Leckner from the Park Rapids City Council and Declare Mayor Seat Vacant	27
10.2.	Resolution #2024-109 Adopt Proposed 2025 Tax Levy and Preliminary 2025 General fund Budget and Set a Public Budget Meeting Date	28
10.3.	Resolution #2024-110 Approve the Modification of Municipal Development District No. 2, the Modification of the Development Program Relating Thereto, the Establishment of Tax Increment Financing District No. 2-13 and the Adoption of the Tax Increment Financing Plan Relating Thereto	30
10.4.	Resolution #2024-111 Authorize Execution of a Development Agreement and Approve a Business Subsidy	57
11.	CITY ADMINISTRATOR COMMENTS:	
12.	DEPARTMENT HEAD UPDATES:	

13. MINUTES/REPORTS/INFORMATION: *Some of the information included here is in draft form, and is subject to change.*

13.1. Building and Plumbing Reports – August 202484

13.2. Parks and Beautification Board Meeting Minutes – August 12th, 202486

13.3. Charter Communications Memo – August 20th, 2024.....91

14. COMMENTS FROM COUNCIL:

14.1. Bob Wills – Parks and Beautification Board

14.2. Joe Christensen – Planning Commission.....

15. ADJOURNMENT:

CITY OF PARK RAPIDS
CITY COUNCIL MEETING
AUGUST 27, 2024 6:00 PM
PARK RAPIDS CITY HALL COUNCIL CHAMBERS
PARK RAPIDS, MINNESOTA

1
2 **1. CALL TO ORDER:** The August 27th, 2024, Regular Meeting of the Park Rapids City Council
3 was called to order at 6:00 p.m. by Vice Mayor Liz Stone, and the Pledge of Allegiance was recited.
4

5 **2. ROLL CALL:** Present: Vice Mayor Liz Stone, Councilmembers Joe Christensen, Tim Little,
6 and Bob Wills. Absent: Mayor Ryan Leckner. Staff Present: City Administrator Angel Weasner,
7 City Clerk Berit Score, Police Chief Jeff Appel, Liquor Store Manager Scott Olson, City Planner
8 Ben Oleson, and Public Works Supervisor Scott Burlingame. Others Present: Sally Wizik-Wills,
9 Nancy Newman, Nicole Guida, Leann Willenbring, Jennifer and Mark Miller, and Robin Fish from
10 the Enterprise.
11

12 **3. APPROVAL OF AGENDA:** A motion was made by Christensen, seconded by Wills, and
13 unanimously carried to approve the agenda with an amendment of item 9.1 on General Business.
14

15 **4. APPROVAL OF MINUTES:**

16
17 **4.1. City Council Regular Meeting Minutes –August 20th, 2024:** A motion was made by
18 Little, seconded by Christensen, and unanimously carried to approve the August 20th, 2024, City
19 Council Regular Meeting minutes as presented.
20

21 **5. FINANCE:**

22
23 **5.1. Payables and Prepaids:** A motion was made by Christensen, seconded by Wills, and
24 unanimously carried to approve the payables in the amount of \$128,016.87 and prepaids in the
25 amount of \$117,342.28.
26

27 **6. CONSENT AGENDA:** A motion was made by Wills, seconded by Little, and unanimously
28 carried to approve the consent agenda as presented.
29

- 30 *6.1. Resolution #2024-101 Approve Minnesota Lawful Gambling LG220 Application
31 for Exempt Permit for the Osage Sportsman Club
- 32 *6.2. Donations to the City of Park Rapids as of August 27th, 2024
- 33 *6.3. Approve Payment in the Amount of \$1,613.55 to CHS
- 34 *6.4. Approve Payment in the Amount of \$9,072.92 to Indepth Inspection
- 35 *6.5. Approve Payment in the Amount of \$5,732.64 to Motorola Solutions
- 36
- 37
- 38
- 39
- 40

1 *6.6. Approve Payment in the Amount of \$1,398.21 to MVI

2
3 **END OF CONSENT AGENDA**

4
5 **7. COMMENTS FROM CITIZENS:**

6
7 Mark Miller, Jenkins, MN, stated a couple of weeks ago I appeared before the Planning
8 Commission with the request on a 5.5 acre parcel to rezone from an AG-1 to a B-1 classification.
9 Obviously, through the deliberation there was reluctance to spot zone, which I completely
10 understand. However, at that meeting it was suggested that an amendment could be made by the
11 Planning Commission and City Council to allow for a change in verbiage, such as adding the words
12 “storage facility” or “mini storage”, or something to that effect. Whatever the Planning
13 Commission and City Council deemed appropriate. That would allow us to develop that property
14 that we own under a conditional use permit. I wanted to appear before the Council tonight to let
15 you know that I’m trying to keep this on the forefronts of your mind and that’s it’s not something
16 put to the backburner. Hopefully it will continue to proceed moving forward. I will continue to
17 work with Ben as well to submit any necessary applications. Thank you.
18

19 **8. PLANNING:**

20
21 8.1. First Reading of Ordinance No. 627: Approve Zoning of a Recently Annexed
22 Property as R-1 Single Family Residential District at PID# 32.22.01900

23 Discussion:

24 Ben Oleson stated the Planning Commission has recommended approval. This is the first reading
25 of the ordinance.
26

27 **A motion was made by Christensen, seconded by Wills, and unanimously carried to**
28 **approve the first reading of Ordinance No. 627.**

29
30 8.2. Resolution #2024-102 Deny Request for a Zoning District Boundary Amendment
31 from AG-1 Agricultural to B-1 Highway Business District for All or a Portion of an
32 Approximate 5.5 Acre Parcel at PID# 32.26.01200

33 Discussion:

34 Ben Oleson stated Mr. Miller was just here to speak about this. The request was to develop this into
35 an RV campground, self-storage, and then an RV and dog wash facility. The Planning Commission
36 reviewed this and decided this could lead to numerous uses that are not appropriate in that area, so
37 they are recommending denial. They are open to potentially amending City Code to allow for more
38 uses. Weasner stated Ben and I are working on bringing forward all the agricultural parcels so it
39 does not fall behind. This will be going back to the Planning Commission for review.
40

41 **A motion was made by Christensen, seconded by Little, and unanimously carried to**
42 **approve Resolution #2024-102.**
43

- 1 8.3. Resolution #2024-103 Deny Request for a Revision of the Park Rapids
- 2 Comprehensive Plan’s Future Land Uses Map from Multiple Family to Commercial
- 3 for All of a Portion of an Approximate 5.5 Acre Parcel in an AG-1 Agricultural
- 4 District at PID# 32.26.01200

5 Discussion:

6 Ben Oleson stated the Planning Commission recommended denial of this request as well.

7
8 **A motion was made by Little, seconded by Christensen, and unanimously carried to**
9 **approve Resolution #2024-103.**

10
11 **9. GENERAL BUSINESS:**

- 12
- 13 9.1. Resolution #2024-104 Approve Partial Pay Request No. 1 to BRZ Coatings for the
- 14 Hatch Water Tower Rehabilitation Project in the City of Park Rapids

15 Discussion:

16 Weasner stated the amended information has been provided to you. The payment amount is now \$125,
17 452.25. Originally, the payment was closer to \$135,000.00.

18
19 **A motion was made by Little, seconded by Wills, and unanimously carried to approve**
20 **Resolution #2024-104.**

21
22 **10. CITY ADMINISTRATOR COMMENTS:**

23
24 Weasner stated for the record, Mayor Leckner has not yet turned in his resignation, he just had
25 previously planned to be out today. I have not received anything from him yet. Thank you to the
26 department heads and the finance committee for the work on the budget. It was a long afternoon,
27 but we got through a lot of information to help make an informed decision. I also want to remind
28 everyone to be safe next week with the beginning of school, especially with the new charter school
29 on highway 71.

30
31 **11. DEPARTMENT HEAD UPDATES:**

32
33 **12. MINUTES/REPORTS/INFORMATION:**

34
35 **13. COMMENTS FROM COUNCIL:**

36
37 Bob Wills stated the Beach House is moving along. It took so much time and energy. Also, I think
38 we’ve come to some sort of agreement with the HRA on how to do things between the two different
39 organizations. Between the City HRA and the County HRA

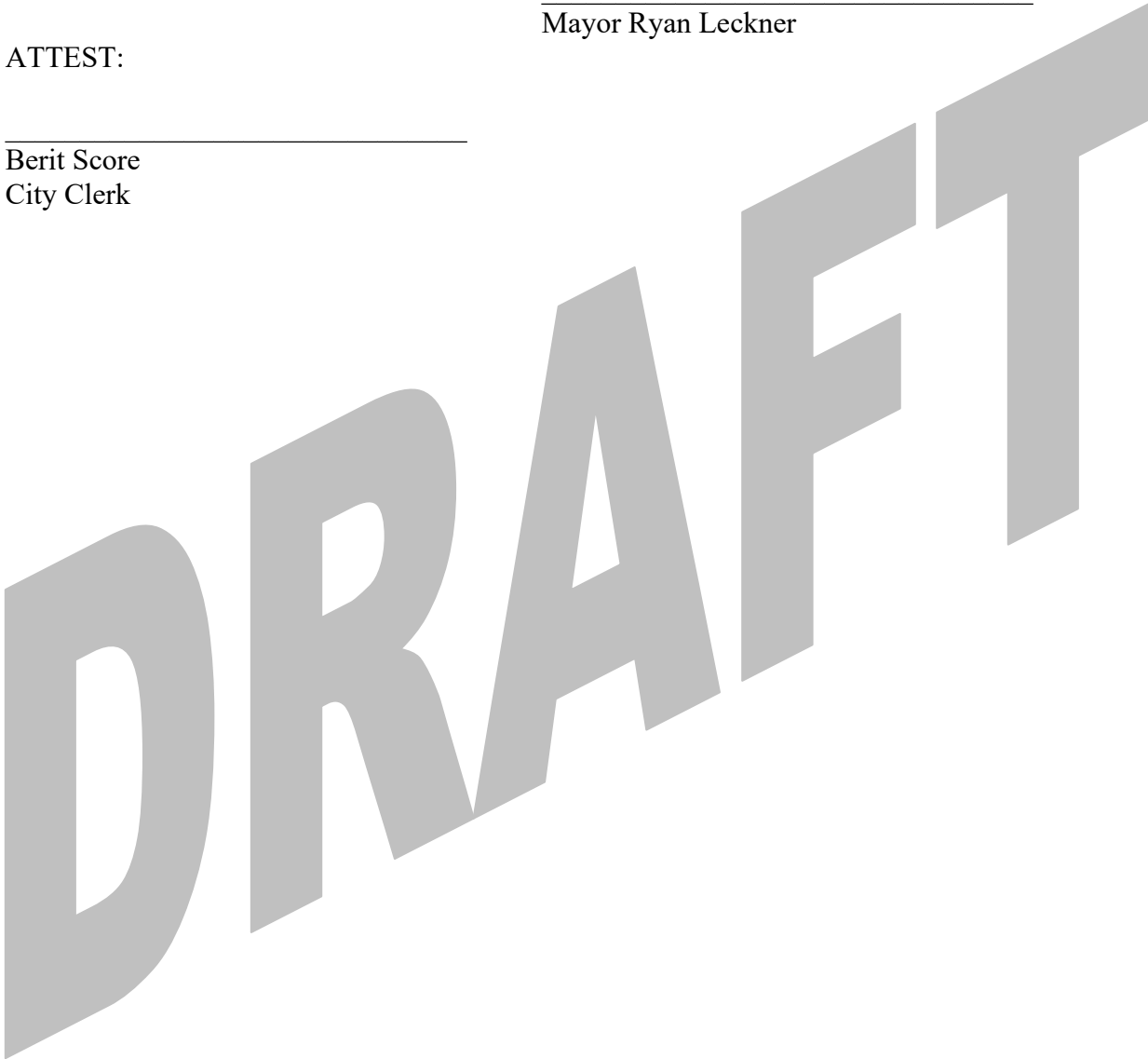
- 1 **14. ADJOURNMENT:** A motion was made by Wills, seconded by Christensen, and
- 2 **unanimously carried to adjourn the meeting at 6:14 p.m.**

[seal]

Mayor Ryan Leckner

ATTEST:

Berit Score
City Clerk



**PARK RAPIDS CITY COUNCIL
WORK SESSION MEETING MINUTES
AUGUST 27, 2024 5:00 PM
PARK RAPIDS CITY HALL COUNCIL CHAMBERS
PARK RAPIDS, MINNESOTA**

1 **1. CALL TO ORDER:** Vice Mayor Liz Stone called the Park Rapids City Council Work Session
2 for August 27th, 2024, to order at 5:00 p.m.

3
4 **2. ROLL CALL:** Present: Vice Mayor Liz Stone, Councilmembers Tim Little, Bob Wills, and Joe
5 Christensen. Absent: Mayor Ryan Leckner. Staff Present: City Administrator Angel Weasner, City
6 Clerk Berit Score, and Public Works Supervisor Scott Burlingame. Others present: Nancy Newman
7 and Robin Fish from the Park Rapids Enterprise.

8
9 **3. 2025 PRELIMINARY LEVY AND BUDGET REVIEW:**

10 Discussion:

11 Weasner stated the proposed 2025 levy is a 3.5% increase over the 2024 levy, which is currently
12 \$3,551.062. The 3.5% increase brings the 2025 levy to \$3,675,349.00.

13
14 Weasner discussed the current general fund. The proposed expenses increased by \$391,841.00,
15 which is an 8% increase. Weasner went through expense changes for City departments. The
16 sidewalk, ice and snow removal, Parks department, council budget, general government buildings,
17 contractual (audit services), and airport budgets were discussed.

18
19 Weasner then went line by line through expenses for each department. The total Finance
20 Committee approved 2025 budget expenditures amount to \$4,589,228.00.

21
22 The debt service (bond payments) for the year equal \$1,086,433.00, which is split between five
23 different funds.

24
25 The total proposed 2025 general fund budget is \$4,589,228.00. When combined with debt service,
26 the total is \$5,675,661.00.

27
28 Council did not have any questions and recommended the preliminary 2025 levy increase of 3.5%.

29
30 **4. MAYOR AND COUNCIL WAGE COMPARISON:**

31 Discussion:

32 Weasner brought forward council wages from nine different cities. Weasner stated the average
33 wage for mayor is \$6,361.11 and the average for council is \$4,844.44. Currently, we are at \$4,800
34 for the mayor and \$4,200 for council. I brought this forward because it was requested for me to do
35 so. Weasner proposed \$6,000 for the mayor and \$5,400 for council, which keeps the \$600
36 difference between the two positions. If council wishes to move forward with these changes, it
37 must be done before the election in November.

38
39 Council discussed the difficulty in finding candidates for council and the challenges associated with
40 serving. There was discussion on how these wage increases may entice more interest in serving.

1 Council recommended the proposed changes continue moving forward, with the understanding that
2 should something need to be cut from the upcoming budget, it could be these wage increases.

3
4 A public hearing will be held in September with a second reading in October.

5
6 **5. MAYOR AND COUNCIL CODE OF CONDUCT DISCUSSION:**

7 Discussion :

8 Weasner brought forward several codes of conduct from other cities and stated I thought this would
9 be a good time to bring this forward along with the mayor and council wage increase proposals.
10 The City of Park Rapids currently has a personnel policy, but does not address a code of conduct for
11 council members.

12
13 Council discussed the need for a code of conduct to have something to refer to as a guideline for
14 duties and professionalism.

15
16 Council directed staff to move forward with compiling a code of conduct for the Park Rapids City
17 Council.

18
19 **6. CIVIL ENFORCEMENT ORDINANCE REVIEW:**

20 Discussion:

21 Weasner stated the City Attorney provided this ordinance to add language so we can have some
22 civil administrative penalties for violations of City Code. This will allow the City to start with a
23 civil penalty before moving forward to greater penalty, if necessary.

24
25 Council directed staff to move forward with the Civil Enforcement Ordinance.

26
27 A public hearing will be held in September with a second reading in October.

28
29 **7. ADJOURNMENT:**

30
31 **A motion was made, and unanimously carried to adjourn the work session meeting at**
32 **5:45 p.m.**

33 [seal]

Vice Mayor Liz Stone

ATTEST:

Berit Score
City Clerk

Report Summary

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Fund	Fund Summary	Payment Amount
100 - GENERAL		27,387.46
208 - AIRPORT		1,569.31
601 - WATER		32,975.81
602 - SEWER		38,840.42
609 - LIQUOR STORE		376.48
703 - PW/SAFETY BLDG INT. SVC F		705.37
876 - LIBRARY (SEPARATE FUND)		167.24
877 - ESCROW FUND		55.81
Grand Total:		102,077.90

Account Summary

Account Number	Account Name	Payment Amount
100-41600-50305	ATTORNEYS FEE-CRIMIN...	5,228.61
100-41910-50243	OTHER CONTRACTUAL S...	3,810.50
100-41940-50223	MAINTENANCE & REPAIR..	243.41
100-41940-50231	JANITORIAL EXPENSE	663.22
100-41940-50384	REFUSE/RECYCLING	55.00
100-41940-50385	WATER & SEWER UTILITY	29.36
100-42100-50131	GROUP INSURANCE - HE...	862.50
100-42100-50308	TRAINING	1,575.00
100-42100-50322	POSTAGE/SHIPPING	25.00
100-42200-50131	GROUP INSURANCE - HE...	862.50
100-42200-50222	MAINTENANCE & REPAIR..	130.00
100-42200-50384	REFUSE/RECYCLING	55.00
100-42200-50385	WATER & SEWER UTILITY	35.42
100-43000-50210	OPERATING SUPPLIES	14.99
100-43000-50222	MAINTENANCE & REPAIR..	130.00
100-43000-50384	REFUSE/RECYCLING	360.00
100-43000-50510	CAPITAL OUTLAY - GENE...	227.29
100-45200-50384	REFUSE/RECYCLING	110.00
100-45200-50385	WATER & SEWER UTILITY	375.45
100-45500-50384	REFUSE/RECYCLING	55.00
100-45500-50385	WATER & SEWER UTILITY	39.21
100-46509-50491	PAYMENTS TO OTHER A...	12,500.00
208-44000-50221	MAINTENANCE & REPAIR..	1,130.86
208-44000-50231	JANITORIAL EXPENSE	400.00
208-44000-50385	WATER & SEWER UTILITY	38.45
601-49400-50210	OPERATING SUPPLIES	225.43
601-49400-50216	CHEMICALS	2,018.00
601-49400-50221	MAINTENANCE & REPAIR..	390.08

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Account Summary

Account Number	Account Name	Payment Amount
601-49400-50305	ATTORNEYS FEE-CRIMIN...	307.57
601-49400-50385	WATER & SEWER UTILITY	91.72
601-49400-50550	CAPITAL OUTLAY - VEHIC...	29,943.01
602-49450-50210	OPERATING SUPPLIES	26.33
602-49450-50221	MAINTENANCE & REPAIR...	334.40
602-49450-50305	ATTORNEYS FEE-CRIMIN...	307.57
602-49450-50384	REFUSE/RECYCLING	35.00
602-49450-50385	WATER & SEWER UTILITY	1,196.10
602-49450-50510	CAPITAL OUTLAY - GENE...	6,998.00
602-49450-50550	CAPITAL OUTLAY - VEHIC...	29,943.02
609-49750-50305	ATTORNEYS FEE-CRIMIN...	307.57
609-49750-50384	REFUSE/RECYCLING	35.00
609-49750-50385	WATER & SEWER UTILITY	33.91
703-49800-50231	JANITORIAL EXPENSE	556.35
703-49800-50384	REFUSE/RECYCLING	84.83
703-49800-50385	WATER & SEWER UTILITY	64.19
876-45500-50210	OPERATING SUPPLIES	167.24
877-49850-50345	ADVERTISING EXPENSE	55.81
Grand Total:		102,077.90



Project Account Summary

Project Account Key	Payment Amount
None	102,077.90
Grand Total:	102,077.90

Report Summary

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Fund	Payment Amount
100 - GENERAL	457,710.63
208 - AIRPORT	59.59
601 - WATER	125,855.52
602 - SEWER	337.52
609 - LIQUOR STORE	101,971.07
Grand Total:	685,934.33

Account Summary

Account Number	Account Name	Payment Amount
100-21710	HSA	2,850.00
100-21711	AFLAC INS. PAYABLE	944.57
100-21722	FLEXING	666.66
100-41200-50321	TELECOMMUNICATIONS...	47.58
100-41200-50510	CAPITAL OUTLAY - GENE...	444,413.16
100-41940-50223	MAINTENANCE & REPAIR..	3.99
100-41940-50381	ELECTRIC UTILITIES	324.75
100-42100-50222	MAINTENANCE & REPAIR..	5.49
100-42100-50321	TELECOMMUNICATIONS...	894.94
100-42200-50221	MAINTENANCE & REPAIR..	148.93
100-42200-50223	MAINTENANCE & REPAIR..	24.54
100-42200-50321	TELECOMMUNICATIONS...	83.42
100-42200-50510	CAPITAL OUTLAY - GENE...	5,382.00
100-43000-50210	OPERATING SUPPLIES	383.34
100-43000-50212	VEHICLE OPERATIONS - ...	89.96
100-43000-50221	MAINTENANCE & REPAIR..	494.08
100-43000-50226	MAINTENANCE & REPAIR..	7.29
100-43000-50240	MINOR EQUIPMENT	199.00
100-43000-50510	CAPITAL OUTLAY - GENE...	323.34
100-43160-50381	ELECTRIC UTILITIES	19.03
100-45200-50210	OPERATING SUPPLIES	19.26
100-45200-50221	MAINTENANCE & REPAIR..	39.99
100-45200-50231	JANITORIAL EXPENSE	17.99
100-45200-50381	ELECTRIC UTILITIES	236.37
100-45500-50223	MAINTENANCE & REPAIR..	20.97
100-46100-50221	MAINTENANCE & REPAIR..	69.98
208-44000-50210	OPERATING SUPPLIES	24.98
208-44000-50223	MAINTENANCE & REPAIR..	11.97
208-44000-50381	ELECTRIC UTILITIES	22.64
601-49400-50210	OPERATING SUPPLIES	65.76
601-49400-50222	MAINTENANCE & REPAIR..	74.99

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Account Summary	
Account Number	Account Name
601-49400-50322	POSTAGE/SHIPPING
601-49400-50510	CAPITAL OUTLAY - GENE...
602-49450-50222	MAINTENANCE & REPAIR..
602-49450-50322	POSTAGE/SHIPPING
609-49750-50118	ALLOWANCES - UNIFORM
609-49750-50210	OPERATING SUPPLIES
609-49750-50250	MERCHANDISE FOR RE...
609-49750-50321	TELECOMMUNICATIONS...
609-49750-50345	ADVERTISING EXPENSE
Grand Total:	685,934.33

Project Account Summary	
Project Account Key	Payment Amount
None	685,934.33
Grand Total:	685,934.33

PROCLAIMING

SEPTEMBER 8TH – 14TH, 2024, AS NATIONAL DIRECT SUPPORT PROFESSIONAL RECOGNITION WEEK IN THE CITY OF PARK RAPIDS

WHEREAS, Direct Support Professionals are essential to enhancing the quality of life for many community members; and,

WHEREAS, Direct Support Professional Recognition Week provides an opportunity to honor the dedicated individuals who work tirelessly to support individuals with disabilities and their families; and,

NOW, THEREFORE, I, Liz Stone, Vice Mayor of Park Rapids, do hereby proclaim September 8th – 14th, 2024, as:

NATIONAL DIRECT SUPPORT PROFESSIONAL RECOGNITION WEEK in the City of Park Rapids.

Motion by _____, seconded by _____.
The City Council of Park Rapids unanimously supports this Proclamation.
Adopted this 10th day of September 2024.

[seal]

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk



Hubbard County Developmental Achievement Center, Inc.

113 Main Avenue, P.O. Box 86, Park Rapids, MN 56470

Telephone: 218-237-8518

Fax: 218-237-8519

Email: cchristensen@hcdac.org

08/15/2024

Dear Mayor, Ryan Leckner and City Council members,

I am writing to respectfully request a proclamation from the City of Park Rapids in recognition of National Direct Support Professional (DSP) Recognition Week, observed from September 8-14. This week provides us an opportunity to honor the dedicated individuals who work tirelessly to support individuals with disabilities and their families.

Direct Support Professionals are essential to enhancing the quality of life for many community members, and their contributions often go unrecognized. By declaring this week as DSP Recognition Week, the City of Park Rapids can help raise awareness and show appreciation for their hard work and commitment.

We would be grateful for your support and look forward to collaborating on this important initiative. Please let us know how we can assist in facilitating this proclamation.

Thank you for considering our request.

Sincerely,

Candy Christensen
Marketing & Communications Coordinator

RESOLUTION #2024-105

**APPROVE MINNESOTA LAWFUL GAMBLING
LG220 APPLICATION FOR EXEMPT PERMIT FOR
THE NORTH COUNTRY FRIENDS OF THE NRA**

WHEREAS, the Park Rapids City Council has determined that the said permit would not be detrimental to the public interests of the Citizens of Park Rapids; and,

WHEREAS, the Minnesota Lawful Gambling Permit LG220 is being requested for the purpose of conducting a raffle by the North Country Friends of the NRA on October 5th, 2024, at 900 1st Street East, in the City of Park Rapids; and,

WHEREAS, proceeds from the event will be used for charitable purposes by the North Country Friends of the NRA.

NOW, THEREFORE BE IT RESOLVED, that the aforesaid Minnesota Lawful Gambling Application LG220 for the North Country Friends of the NRA be and the same hereby is approved, with no waiting period.

The foregoing resolution was moved by Councilmember _____ seconded by
Councilmember _____

The following Councilmembers voted in favor:
The following Councilmembers voted nay:
The following Councilmembers absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

RESOLUTION #2024-106

**APPROVE MINNESOTA LAWFUL GAMBLING
LG240B APPLICATION TO CONDUCT EXCLUDED BINGO
FOR THE HEADWATERS ANIMAL SHELTER**

WHEREAS, the Park Rapids City Council has determined that the said permit would not be detrimental to the public interests of the Citizens of Park Rapids; and,

WHEREAS, the Minnesota Lawful Gambling Permit LG240B is being requested for the purpose of conducting a bingo by the Headwaters Animal Shelter on October 9th, 2024, 110 4th Street West, in the City of Park Rapids; and,

WHEREAS, proceeds from the event will be used for charitable purposes by the Headwaters Animal Shelter.

NOW, THEREFORE BE IT RESOLVED, that the aforesaid Minnesota Lawful Gambling Application LG240B for the Headwaters Animal Shelter be and the same hereby is approved, with no waiting period.

The foregoing resolution was moved by Councilmember _____ seconded by
Councilmember _____

The following Councilmembers voted in favor:
The following Councilmembers voted nay:
The following Councilmembers absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

RESOLUTION #2024-107

**APPROVE ZONING OF A RECENTLY ANNEXED PROPERTY
AS R-1 SINGLE FAMILY RESIDENTIAL DISTRICT AT
PID# 32.22.01900**

WHEREAS, City of Park Rapids / James And Pamela Girtz proposes the zoning of a recently annexed property as R-1 Single Family Residential District at PID 32.22.01900; and

WHEREAS, a public hearing was held at the August 12, 2024 meeting of the Planning Commission to consider the request and a recommendation for Approval was made based on the findings of fact as listed below; and

WHEREAS, the legal description of the property subject to this resolution is as described in Appendix A as attached;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Park Rapids, County of Hubbard, State of Minnesota hereby approves Ordinance No. 627, an Ordinance assigning a Classification of R-1 Single Family Residential District on the Park Rapids Zoning Map for PID 32.22.01900 based on the findings of fact as noted below:

Findings of Fact

1) Is the proposed rezoning consistent with the City's Comprehensive Plan?

The City's Comprehensive Plan Future Land Use Map does not classify the property with any future land use category as it was not within City boundaries at the time that map was created. R-1 zoning would be consistent with the current use of the property as a single-family residence.

The foregoing resolution was moved by Councilmember _____, seconded by Councilmember _____

The following Councilmembers voted in favor:

The following Councilmembers voted nay:

The following Councilmember absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

ORDINANCE NO. 627

**ORDINANCE AMENDING THE PARK RAPIDS ZONING MAP
FOR PID 32.22.01900 IN THE CITY OF PARK RAPIDS**

The City Council of the City of Park Rapids, Hubbard County, Minnesota ordains:

SECTION 1. Amendment to Zoning Map. The City of Park Rapids Zoning Map is hereby amended to assign the properties located at 113 Western Ave N, Park Rapids, Minnesota, PID No. 32.22.01900, and legally described in Appendix A to R-1 Single Family Residential District.

SECTION 2. Incorporation of Amendments. The City Zoning Administrator is hereby authorized and directed to incorporate the amendment made by this Ordinance into the city's Zoning Map and such updated versions shall constitute the official City of Park Rapids Zoning Map.

SECTION 3. Severability. Should any section, subdivision, clause or other provision of this Ordinance be held invalid in any court of competent jurisdiction, such decision shall not affect the validity of the Ordinance as a whole, or any part thereof, other than the part held invalid.

SECTION 4. Effective Date. This Ordinance shall be effective upon its passage and the first day of publication.

First Reading of Ordinance: August 27, 2024.

Second and Final Reading of Ordinance: September 10, 2024.

Passed by the City Council of Park Rapids, Hubbard County, Minnesota this 10th day of September 2024.

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

APPENDIX A: LEGAL DESCRIPTION OF PROPERTY SUBJECT TO THIS REZONING

That part of the Southeast Quarter of the Southeast Quarter in Section 22, Township 140 North, Range 35 West of the Fifth Principal Meridian in Hubbard County, Minnesota.

Commencing at an iron monument which designates the southeast corner of said Section 22; thence North 00 degrees 17 minutes 08 seconds East 174.97 feet on an assumed bearing along the east line of said Section 22 to Right of Way Boundary Corner B7 per MINNESOTA DEPARTMENT OF TRANSPORTATION RIGHT OF WAY PLAT NO. 29-54 (hereinafter, RIGHT OF WAY PLAT), said plat is on file and of record in the Office of the Recorder in said County, said point is the point of beginning; thence continuing North 00 degrees 17 minutes 08 seconds East 63.48 feet along the east line of said Section 22; thence South 88 degrees 16 minutes 19 seconds West 30.37 feet to an iron monument; thence continuing South 88 degrees 16 minutes 19 seconds West 248.66 feet to an iron monument on the northerly line of said RIGHT OF WAY PLAT; thence South 13 degrees 47 minutes 47 seconds East 140.04 feet along the northerly line of said RIGHT OF WAY PLAT to an iron monument at Right of Way Boundary Corner B4 per said RIGHT OF WAY PLAT; thence North 88 degrees 36 minutes 28 seconds East 137.01 feet continuing along the northerly line of said RIGHT OF WAY PLAT to an iron monument at Right of Way Boundary Corner B5 per said RIGHT OF WAY PLAT; thence North 44 degrees 23 minutes 25 seconds East 107.52 feet continuing along the northerly line of said RIGHT OF WAY PLAT to an iron monument at Right of Way Boundary Corner B6 per said RIGHT OF WAY PLAT; thence North 88 degrees 39 minutes 51 seconds East 33.01 feet continuing along the northerly line of said RIGHT OF WAY PLAT to the point of beginning. The above-described tract contains 30,771 square feet (0.71 of an acre).

SUBJECT TO the rights of the public for Western Avenue North along the east line of said Section 22.

NOTICE OF A PUBLIC HEARING

Notice is hereby given that a hearing will be held before the Park Rapids City Council at the Park Rapids City Council Chambers located at 212 Second Street West, Park Rapids, MN, 56470, beginning at 6:00 p.m. on September 24th, 2024 to consider the proposed ordinance change regarding Park Rapids Mayor and City Council wages.

NOTICE OF A PUBLIC HEARING

Notice is hereby given that a hearing will be held before the Park Rapids City Council at the Park Rapids City Council Chambers located at 212 Second Street West, Park Rapids, MN, 56470, beginning at 6:00 p.m. on September 24th, 2024 to consider the proposed Civil Enforcement Ordinance.

City of Park Rapids

Request for Council Action

<u>Originating Source:</u> Police Dept./Accounting	<u>Meeting Date:</u> September 10, 2024	<u>Agenda No.</u>
<u>Agenda Section:</u> Consent	<u>Item Topic:</u> Approve payment in the amount of \$1,575 for invoice #EVOC-8/27 from BIR Performance Driving School.	

Summary:

BIR Performance Driving School has submitted an invoice (EVOC-8/27) totaling \$1,575 for Emergency Vehicle Operations Coursework for three officers: Jeff Appel, Sabin Rasmus, Logan Noonan. This training is mandatory with a cyclical time frame rotation.

Background:

Council Action Recommendation:

Approve payment of invoice #EVOC-8/27 in the amount of \$1,575 to BIR Performance Driving School.

Funding Source(s):

100-42100-50308 GEN FUND/POLICE/TRAINING

City of Park Rapids

Request for Council Action

<u>Originating Source:</u> Public Works/Accounting	<u>Meeting Date:</u> September 10, 2024	<u>Agenda No.</u>
<u>Agenda Section:</u> Consent	<u>Item Topic:</u> Approve invoice from Dondelinger Chev Buick Inc. in the amount of \$59,886.03 for the purchase of a 2025 GMC Sierra Crew Cab chassis.	

Summary:

Dondelinger Chev Buick Inc. has submitted an invoice (deal 29271) in the amount of \$59,886.03 for the purchase of a 2025 GMC Sierra Crew Cab 1 ton chassis which will be equipped with a crane for use by the Public Works Department. This expenditure was brought to the Finance Committee on February 13, 2024, and the low bid of \$52,130 for a 2024 Chevrolet Silverado 3500HD was recommended for approval. The availability of that vehicle changed. The price for this vehicle, a 2025, is a little higher (\$55,695) and sales tax, and other paperwork and fees have been added for a total cost of \$59,886.03.

Background Information:

Council Action Recommendation:

Approve payment to Dondelinger Chev Buick Inc. in the amount of \$59,886.03 for this invoice.

Funding Source(s):

601-49400-50550: WATER-WATER-CAPITAL OUTLAY-VEHICLE/602-49450-50550: SEWER/SEWAGE COLLECTION & DISPOSAL-CAPITAL OUTLAY-VEHICLE

City of Park Rapids

Request for Council Action

<u>Originating Source:</u> Public Works/Accounting	<u>Meeting Date:</u> September 10, 2024	<u>Agenda No.</u>
<u>Agenda Section:</u> Consent	<u>Item Topic:</u> Approve payment in the amount of \$2,018 for invoice #6844960 from Hawkins, Inc.	

Summary:

Hawkins, Inc. has submitted an invoice (6844960) in the amount of \$2,018 for Azone 15, fuel surcharge, and freight charge, conditioner. These chemicals are necessary for water treatment.

Background:

Council Action Recommendation:

Approve payment of invoice #6844960 in the amount of \$2,018 to Hawkins, Inc.

Funding Source(s):

601-49400-50216 WATER FUND/WATER DEPT./CHEMICALS

City of Park Rapids

Request for Council Action

<u>Originating Source:</u> Public Works/Accounting	<u>Meeting Date:</u> September 10, 2024	<u>Agenda No.</u>
<u>Agenda Section:</u> Consent		<u>Item Topic:</u> Approve payment in the amount of \$6,998 to Minnesota Pump Works for their replacement of a pump for Lift #12.

Summary:

Minnesota Pump Works has submitted an invoice for the project listed below. The lift (#12) is a necessity.

Invoice No.	Project	Amount	Account No.	Svc Period
INV025352	New Sulzer/ABS Pump (Lift #12)	\$ 6,998.00	602-49450-50510	9/3/2024
TOTAL		\$ 6,998.00		

Background Information:

Council Action Recommendation:

Approve payment to Minnesota Pump Works in the amount of \$6,998 for the replacement pump for Lift #12.

Funding Source(s):

Account listed above

City of Park Rapids

Request for Council Action

<u>Originating Source:</u> PW & PD/Accounting	<u>Meeting Date:</u> September 10, 2024	<u>Agenda No.</u>
<u>Agenda Section:</u> Consent	<u>Item Topic:</u> Approve retroactive payment for invoice 11554 in the total amount of \$5,198 for Northern Pines Plumbing, Heating & Electric.	

Summary:

Northern Pines Plumbing, Heating & Electric has submitted an invoice (11554) for payment in the amount of \$5,198 for the replacement of the Fire Department central air conditioner. Staff submitted the quotes to the Finance Committee on July 23, 2024. They recommended the lowest quote replacement. The unit includes a one-year labor and ten-year parts warranty. This was not a budgeted expense.

Background:

Council Action Recommendation:

Approve payment of invoice 11554 in the amount of \$5,198 to Northern Pines Plumbing, Heating & Electric for the purchase and installation of a new Coleman TCD2 central air conditioner.

Funding Source(s):

100-42200-50510: GEN. FUND/PW/FIRE/CAPITAL OUTLAY-GENERAL

City of Park Rapids

Request for Council Action

<u>Originating Source:</u> Administration/Accounting	<u>Meeting Date:</u> September 10, 2024	<u>Agenda No.</u>
<u>Agenda Section:</u> Consent	<u>Item Topic:</u> Approve billing from Sand Creek EAP, LLC in the amount of \$1,725 for annual premium for employee assistance.	

Summary:

Sand Creek EAP, LLC has submitted an invoice in the amount of \$1,725 for the annual premium for the provision of employee assistance to our Police and Fire Departments as per state statute. The amount of the invoice will be divided equally between the funds listed below.

Background Information:

Council Action Recommendation:

Approve payment to Sand Creek EAP, LLC in the amount of \$1,725 for this invoice.

Funding Source(s):

100-42100-50131/100-42200-50131: GEN. FUND/POLICE OR FIRE/GROUP INS.-HEALTH

DONATION LIST FOR COUNCIL APPROVAL

DATE	DONOR	AMOUNT	CHECK #/CASH	RECEIPT #	DESIGNATED FOR:
9/4/2024	US CHARITABLE TRUST GIFT OBO LANNY & JONES CHARITABLE TRUST	\$1,500.00	354262	69261	LIBRARY DONATION

LISTING TO THE 09/10/24 COUNCIL MTG \$1,500.00 DEPOSITED _____ . DR

RESOLUTION #2024-108

**ACCEPT RESIGNATION OF MAYOR RYAN LECKNER
FROM THE PARK RAPIDS CITY COUNCIL
AND DECLARE MAYOR SEAT VACANT**

WHEREAS, on September 4, 2024 the City Administrator of the City of Park Rapids received a written letter of resignation from Mayor Ryan Leckner, resigning his term as Mayor due to his impending residency relocation; and

WHEREAS, pursuant to Minn. Stat. 351.01 Subd. 2, the resignation is effective September 10, 2024; and

WHEREAS, pursuant to Minn. Stat. 412.02 Subd. 2, less than two (2) years remain on the unexpired term of Mayor Ryan Leckner.

NOW, THEREFORE BE IT RESOLVED, pursuant to motion duly made and seconded at a regular meeting of the City Council held on September 10, 2024: the City of Park Rapids hereby finds and determines as follows:

1. The City Council of the City of Park Rapids, Minnesota received the written letter of resignation of Mayor Ryan Leckner on September 4, 2025, and hereby accepts the resignation.
2. Based on the resignation of Mayor Ryan Leckner, the City Council of the City of Park Rapids, Minnesota declares that the term of that Mayor seat is vacant.

The foregoing resolution was moved by Councilmember _____ seconded by Councilmember _____

The following Councilmembers voted in favor:
The following Councilmembers voted nay:
The following Councilmembers absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

RESOLUTION #2024-109

**ADOPT PROPOSED 2025 TAX LEVY
AND PRELIMINARY 2025 GENERAL FUND BUDGET
AND SET A PUBLIC BUDGET MEETING DATE**

IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF PARK RAPIDS, COUNTY OF HUBBARD, MINNESOTA that the following sum of money is proposed to be levied for the current year, collectible in 2025, upon the taxable property in the said City of Park Rapids, for the following purposes:

GENERAL LEVY:

Revenue: \$2,564,929

TAX ABATEMENT LEVY:

PID 32.19.00500 \$23,987

SPECIAL LEVY:

GO Crossover Refunding Series 2012a \$293,950
GO Refunding Bond Series 2015 \$210,850
GO Bond Series 2016a \$444,733
GO Bond Series 2016b \$61,200
GO Bond Series 2019a \$75,700

TOTAL ALL LEVIES: \$3,675,349

IT IS FURTHER RESOLVED that the Preliminary 2025 General Fund Budget in the amount of \$ 4,589,228 is hereby adopted.

IT IS FURTHER RESOLVED that the Park Rapids City Council set the Public Budget Meeting date for Tuesday, December 10, 2024, at 6:00 p.m.

The foregoing resolution was moved by Councilmember _____, seconded by Councilmember _____

The following Councilmembers voted in favor:

The following Councilmembers voted nay:

The following Councilmembers absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

City of Park Rapids

Request for Council Action

<u>Originating Source:</u>	<u>Meeting Date:</u>	<u>Agenda No.</u>
Administration	September 10, 2024	
<u>Agenda Section:</u>	<u>Item Topic:</u>	
General	Approve 2025 preliminary levy and budget	

Summary

The City of Park Rapids needs to approve a preliminary levy to cover the cost of the expenses for 2025 and set the preliminary 2025 general fund budget. The annual Truth In Taxation (TNT) budget hearing also needs to be set for notifications to be distributed to residents.

Background Information:

The City of Park Rapids held a work session on August 27th to discuss setting a preliminary levy for the next year 2025. The beginning levy is recommended to begin at \$3,375,349 this is an increase over the 2024 levy of 3.5%. The city is not allowed to increase the levy after it has been submitted. The preliminary levy can be reduced prior to final approval at the December 10, 2024 Council meeting. It is the desire to reduce the levy prior to the final levy taking into consideration the tax capacity of the city to take advantage of any new capacity.

Council Action Recommendation:

Approve the preliminary 2025 general fund budget, 2025 preliminary levy, and set the date and time for the Annual TNT budget hearing to receive input from the constituents.

Funding Source(s): N/A

RESOLUTION #2024-110

APPROVE THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 2, THE MODIFICATION OF THE DEVELOPMENT PROGRAM RELATING THERETO, THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 2-13 AND THE ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A. It has been proposed that the City of Park Rapids, Minnesota (the "City"), modify Municipal Development District No. 2 and a Development Program relating thereto and establish Tax Increment Financing District No. 2-13 and adopt a tax increment financing plan with respect thereto, under the provisions of Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.1794 (collectively, the "Act"); and

B. The City of Park Rapids has investigated the facts and has caused to be prepared a modification of the development program for Development District No. 2 and a tax increment financing plan for Tax Increment Financing District No. 2-13; and

C. The City has performed all actions required by law to be performed prior to the modification of Development District No. 2, modification of the Development Program relating thereto, the establishment of Tax Increment Financing District No. 2-13 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Hubbard County and Park Rapids Area Public Schools (ISD 309) having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 2-13, 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 Park Rapids as follows:

1. Development District No. 2 and Tax Increment Financing District No. 2-13. The City hereby approves the modification of Development District No. 2 and of the Development Plan relating thereto, and the establishment of Tax Increment Financing District No. 2-13, 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. 1-8, and the City Council makes the following findings;
 - (a) Tax Increment Financing District No. 2-13 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The reasons and facts supporting this finding are listed in section 12 of the Tax Increment Financing Plan.

- (b) The proposed development in the opinion of the City Council, would not 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 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. 2-13 permitted by the Tax Increment Financing Plan.

The above finding is based on a letter submitted by the Developer stating that without the use of tax increment financing the Project could not proceed.

The City also finds that due to the amount of time the site(s) have sat in their current condition, the City finds no reason for additional development to occur without TIF assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance would be minimal. 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 property has had limited economic activity over the past five years, so we are projecting a small inflationary rate of 1%.

To summarize the basis for the City's findings, the City makes the following determinations:

- 1) The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$65,907 (for the reasons described above);
 - 2) If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately \$2,267,700. The increase in market value would be due primarily to new construction within the TIF District;
 - 3) The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to \$409,626; and
 - 4) Even if some development other than the proposed development were to occur, the City Council finds that no alternative would occur that would produce a market value increase greater than \$1,858,074 (the amount in clause 2 less the amount in clause 3) without tax increment assistance.
- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 2-13 conforms to the general plan for development or redevelopment of the City of Park Rapids as a whole.

The reasons and facts supporting this finding are that the current zoning of the property provides for commercial development as a permitted use, and rezoning will not be required.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Park Rapids as a whole, for the development or redevelopment of Tax Increment Financing District No. 2-13 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. Interfund Loan. The City has determined that it may pay for certain costs (the “Qualified Costs”) identified in the Tax Increment Financing Plan which costs may be financed on a temporary basis from the City’s general fund or any other fund from which such advances may be legally made (the “Fund”). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from the tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the “Interfund Loan”):
 - (a) The City shall repay to the Fund from which Qualified Costs are initially paid, the principal amount of \$410,171 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota, Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
 - (b) Principal and Interest on the Interfund Loan (“Payments”) shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of the last receipt of tax increment from the TIF District (“Payment Dates”) which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
 - (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Hubbard County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund

Loan are subordinate to any outstanding or future bonds, notes, or contracts secured in whole or in part with tax increment and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

- (d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
 - (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the city. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.
 - (f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.
5. Certification. The Auditor of Hubbard County is requested to certify the original net tax capacity of Tax Increment Financing District No. 2-13 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. 2-13 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with the Commissioner of Revenue.

The foregoing resolution was moved by Councilmember _____ seconded by
Councilmember _____

The following Councilmembers voted in favor:
The following Councilmembers voted nay:
The following Councilmembers absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

STATE OF MINNESOTA
COUNTY OF HUBBARD
CITY OF PARK RAPIDS

I, the undersigned, being the duly qualified and acting Administrator of the City of Park Rapids, 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 modification of Municipal Development District No. 2 and the establishment of Tax Increment Financing District No. 2-13 in the City.

WITNESS my hand this 10th day of September, 2024.

Angel Weasner
City Administrator

Draft

City of Park Rapids, Minnesota

Modification of Development Program for
Municipal Development District No. 2

&

Tax Increment Financing Plan for
Tax Increment Financing District No. 2-13

To be adopted: September 10, 2024



DDA

David Drown Associates, Inc.
Public Finance Advisors

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Minneapolis, MN 55410
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Development Program for Municipal Development District No. 2

Preface

Municipal Development District No. 2 was first adopted on February 14, 1994 and subsequently modified several times, to coincide with the Finance Plan relating to TIF Districts created within the Development District's boundaries - most recently for TIF District No. 2-12. This Development District is being modified in conjunction with the creation of TIF District 2-13.

The proposed development within Municipal Development District No. 2 will be consistent with the goals, objectives and plans express by the Development Program.

The Development Program is hereby amended and restated as follows.

Section A 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 Park Rapids, Minnesota.

"City" means the City of Park Rapids, Minnesota, a municipal corporation and political subdivision of the State of Minnesota.

"City Council" means the City Council of the City; also referred to as the "Governing Body."

"County" means Hubbard County, Minnesota.

"Development District" means Municipal Development District No. 2 of the City, which has been created and established pursuant to and in accordance with the Development District Act, the boundaries of which are described in Section E.

"Development District Act" means Minnesota Statutes, Sections 469.124 through 469.134, both inclusive.

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

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances and plans relating to or governing the use or development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.

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

"Public Costs" means the costs of land acquisition, site improvements, public infrastructure, and repayment of debt service on tax increment bonds, and other eligible costs as set forth in the Development Program and Tax Increment Financing Plan(s).

"School District" means the Independent School District No. 309 in Minnesota.

"State" means the State of Minnesota.

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

"TIF District" means any tax increment financing district presently established or to be established in the future in the Development District.

"TIF Plan" means the respective Tax Increment Financing Plan for each TIF District located within the Development District.

Section B Statutory Authorization

The Development District Act authorizes the Authority, upon certain public purpose findings by the City Council, to establish and designate development districts within the City and to develop and administer development programs therefore to meet the needs and accomplish the public purposes specified in Section C. In accordance

with the purposes set forth in Section 469.124 of the Development District Act, the Authority has established the Development District comprising the area described in Section E and has adopted this Development Program.

The TIF Act also authorizes the Authority to establish and administer tax increment financing districts within the Development District. Eligible public costs of the Development District and TIF District may be paid from tax increments collected from the TIF District.

Section C Statement of Need and Public Purpose

The City Council has determined that there is a need for the City to take certain actions it deems necessary in order to encourage, ensure and facilitate development and redevelopment by the private sector of underutilized, inappropriately used and unused land located within the corporate limits of the City. Such actions are necessary in order to provide additional employment opportunities for residents of the City and the surrounding area; to improve the tax base of the City, the County and the School District, thereby enabling them to better provide needed public services; and to improve the general economy of the City, the County and the State.

Section D Statement of Objectives

The establishment of the Development District, pursuant to the Development District Act, is in the best interests of the City and its residents, and is necessary in order to give the Authority the ability to meet certain public purpose objectives that would otherwise not be obtainable in the foreseeable future without intervention by the Authority in the normal development process.

The Authority intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Development Program:

- (1) Provide for the construction and financing of Public Costs in the Development District, which are necessary for the orderly and beneficial development of the Development District.
- (2) Promote and secure the prompt and unified development and redevelopment of certain property in the Development District, such property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
- (3) Promote and secure additional employment opportunities within the Development District for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
- (4) Secure the increase of market values of property subject to taxation by the City, the County, the School District, and other taxing jurisdictions in order to enable such entities to pay for governmental services and programs that they are required to provide.
- (5) Secure affordable, market rate and workforce housing opportunities that otherwise would not occur.
- (6) Encourage the expansion and improvement of local business and economic development whenever possible.

Section E Boundaries of the Development District

The boundaries of the Development District are coterminous with the corporate limits of the City, as may be modified from time to time, and are identified in Exhibit 1 of this document.

Section F Development Activities

The Authority will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the TIF Act and other applicable state laws. In doing so the Authority anticipates that the following may be undertaken:

- (1) The making of studies, planning and other formal and informal activities relating to the Development Program.

- (2) The implementation and administration of the Development Program.
- (3) The acquisition of property, or interests in property, by purchase or condemnation, when such acquisition is consistent with the objectives of the Development District.
- (4) The preparation of property for use and development in accordance with applicable land use regulations, including demolition of structures, clearance of sites, placement of fill and grading and other site improvements.
- (5) The resale of property to private parties.
- (6) The construction or reconstruction of public improvements, including but not limited to, streets, storm sewer, sanitary sewer, water and curb and gutter improvements.
- (7) The issuance of tax increment bonds and the use of tax increments, or other funds available to the City, to pay or finance the Public Costs of the Development Program.
- (8) The use of tax increments to pay debt service on tax increment bonds or otherwise pay or reimburse with interest the Public Costs of the Development Program.

Section G Payment of Public Costs

Public Costs of the Development Program will be paid primarily from tax increments and/or proceeds of tax increment bonds. Such costs are identified in the TIF Plan for the corresponding TIF District located within the Development District. The Authority reserves the right to utilize other available sources of revenue to pay for a portion of the Public Costs.

Section H Environmental Controls; Land Use Regulations

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable land use regulations.

Section I Park and Open Space to be Created

Park and open space created within the Development District will be done in accordance with the zoning and platting ordinances or standards of the City.

Section J Property Acquisition and Proposed Reuse

The Authority may acquire property for public or private development purposes. Prior to formal consideration of the acquisition of any property for private development purposes, the City Council will require the execution of a binding development agreement with respect thereto and evidence that tax increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the Authority to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property will be incorporated into any development agreement to which the Authority is a party.

Section K Administration and Maintenance

Maintenance and operation of the Development District will be the responsibility of the City Administrator who shall serve as administrator of the Development District. The administrator will administer the Development District pursuant to the provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the Authority and the City Council.

Section L Relocation

Any person or business that is displaced as a result of the Development Program will be relocated in accordance with Minnesota Statutes, Sections 117.50 to 117.56. The City accepts its responsibility for providing for relocation assistance pursuant to Section 469.133 of the Development District Act.

Section M Amendments

The Authority reserves the right to alter and amend the Development Program subject to the provisions of state law regulating such action.

Tax Increment Financing Plan for Tax Increment Financing District No. 2-13

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 of Park Rapids, Minnesota.

"City" means the City of Park Rapids, Minnesota.

"County" means Hubbard County, Minnesota.

"County Board" means the County Board of Hubbard County.

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

"Development District" means Municipal Development District No. 2 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 School District No. 309.

"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. 2-13.

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

Section 2 Statement of Need and Public Purpose

See Section C of the Development Program for Municipal Development District No. 2.

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 Section D of the Development Program.

Section 5 Specific Development Expected to Occur in the TIF District

The developer is proposing to construct a 12,200 square foot building that will house a new Pizza Ranch franchise along with additional retail space. The project will consist of the demolition of the old Laura Leigh Lanes building for the new facility. With construction starting this fall, the new facility will be open in the spring of 2025.

For this initial project, the Authority intends to use increment to assist with site improvements associated with the new facility. The assistance contemplated in this plan will be through the use of pay-as-you-go note(s).

Section 6 Property to be Included in the TIF District

The TIF District includes one parcel in the City. The following parcel is included in the district:

32.30.00300

A map showing the location of the TIF District is shown in Exhibit 1.

The area encompassed by the TIF District 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.

Estimated Project/Financing Costs to be paid or financed with increment:

Project Costs	
Land Acquisition	\$ -
Site Improvements/Demolition	\$ 355,000
Construction of Public Infrastructure	\$ -
Total	\$ 355,000
Finance Costs	
Bond & Note Interest Expense	\$ 147,613
Administrative Costs	
Administration funded with TIF	\$ 55,171
TOTAL USE OF FUNDS	\$ 557,783

Estimated Tax Increment Revenues

Tax Increments (after OSA tax)	\$ 551,706
Investment Interest	\$ 6,077
TOTAL SOURCE OF FUNDS	\$ 557,783

Estimated Amount of Bonds to be issued \$ 410,171

The Authority reserves the right to adjust the amount of Capital line items listed above or to incorporate additional eligible items, so long as the total Capital & Administrative costs are not increased (\$410,171). Adjusting financing costs, principal, or interest, will require a public hearing and formal TIF Plan modification process pursuant to Minnesota Statutes Section 469.175 Subd. 4. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs, and financing costs (interest) is \$557,783.

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) requires a specific description of the fiscal and economic implications of the proposed TIF District, a description of expected impact on future city borrowing, and an allocation of projected TIF revenue by taxing jurisdiction.

City Service Costs: Demands on other City services are expected to be managed without significant increases to 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 Authority anticipates assisting this project in this TIF district via the issuance of Pay as You Go Contract. This type of debt instrument does not apply to the City's or County's legal debt limit, nor does it carry the City or County

General Obligation pledge. As such, this TIF District will not have an adverse impact on the City's or County's current bond credit rating or capacity to borrow for future projects.

TIF Attribution: The City projects TIF collections will total \$551,706 (after State Auditor's deductions) over the 9-year life of the TIF District. Of this total, \$327,008 is attributable to the City's share of the tax levy; \$147,773 from the County's share of tax levy, and approximately \$74,963 from the School District's share of tax levy. Exhibit 4 has a detailed allocation of total TIF collections to the City, County and School.

Section 10 Property to be acquired in the TIF District

At this time, the Authority does not plan to acquire any property located in this TIF district. However, the Authority reserves the right to directly acquire any or all of the parcels listed on Exhibit 2 of this plan.

Section 11 Estimated Amount of Bonded Indebtedness

The Authority reserves the right to fund all Project costs permitted by law 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 revenue from TIF District No. 2-13 is **\$410,171**.

Internal Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan before money is transferred, advanced, or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the principal amount of the loan, the interest rate, and the maximum term. The interest rate to be charged on internal loans shall not exceed **5%** based upon the limit of the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of the date this Plan is approved.

Section 12 Designation of TIF District as an Economic Development District

Economic development districts are a type of tax increment financing district which consists of any project which the Authority finds to be in the public interest because:

1. it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
2. it will result in increased employment in the state; or
3. It will result in preservation and enhancement of the tax base of the state.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section 5) meets all of the criteria listed above. Without establishment of the TIF District the proposed development would not occur within the City. The proposed development will also result in increased employment and enhancement of the tax base of both the City, County, and the State.

Section 13 Original Net Tax Capacity

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

The Market Value of all property within the TIF District as of January 1, 2023, for taxes payable in 2024 is estimated at \$732,300. Based on this information, the Original Net Tax Capacity of the TIF District would be estimated at \$13,896. However, as it is expected that the request for certification will be after July 1, 2024, the Original Net Tax Capacity will actually be based on estimated market value that exists on January 2, 2024, for taxes payable 2025. Figures used are for illustration purposes only.

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

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

4. changes in classification rates.

Section 14 Original Local Tax Rate

The County Auditor shall 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 2023 and payable in 2024 is expected to be 116.113%. The final Original Local Tax Rate may be higher or lower than this value, depending upon the final local tax rates for payable 2025.

<u>Taxing Jurisdiction</u>	<u>2023-Pay2024 Local Tax Rate</u>
City of Park Rapids	68.823%
Hubbard County	31.101%
School District 309*	15.777%
Other	0.413%
Total	116.113%

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. The school tax rate that is applied to captured net tax capacity shall also be reduced by that portion attributed to the general operating levy.

Note: Minnesota Statutes Section 469.177 Subd. 1a was amended in 2013 redefining what portion of the local school district tax capacity rate will be used in calculating tax increments. Specifically, this amendment now excludes that portion of the school rate attributable to the general education levy under Section 126C.13.

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

Economic development districts may remain in existence for eight years from the date of receipt of the first tax increment. This produces nine (9) annual collections of tax increments, with the first year of increment expected to be 2026 and that the final year will be 2034. Modifications of this plan (see Section 28) may not extend these limitations unless the Authority elects under certain circumstances to extend the duration of TIF District in order to recover eligible pollution cleanup costs incurred by the City (see M.S. Section 469.176, Subd. 1g for details).

Section 17 Use of Tax Increments – Economic Development Districts

Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. warehousing, storage, and distribution of tangible personal property, excluding retail sales;

3. research and development related to the activities listed in clause (1) or (2);
4. telemarketing if that activity is the exclusive use of the property;
5. tourism facilities;
6. space necessary for and related to the activities listed in clauses (1) to (5); or
7. a workforce housing project that satisfies the requirements of paragraph (d).

If the City has a population of 5,000 or less and is located five miles or more from a City having a population of 10,000 or more (a "Small City"), revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility. These revenues may also be used if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all the increments, except those for administrative expenses, are spent only for activities within the district.

This TIF district is designated as a Small City Economic Development TIF District, as the total square footage of the building is well below the statutory maximum of 15,000 square feet. The City of Park Rapids is below the 5,000-population threshold (2022 population estimate of 4,298) and the nearest cities exceeding 10,000 in population is Detroit Lakes and Bemidji. Both are located greater than 5 miles from the City (nearest border to border).

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 lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increment expenditures of the project.

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 has issued no building permits within the last 18 months for properties within the TIF District.

Section 25 Development Agreements

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

Section 26 Business Subsidy Laws

Minnesota Statutes 116J.994 requires a City or Authority providing financial assistance of between \$25,000-\$149,999 or a business subsidy worth \$150,000 or more to complete an approval process as described below. Housing projects and many redevelopment projects are exempt from the requirements.

For financial assistance of \$25,000-149,999:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Complete the Financial Assistance Report annually for two years

For a business subsidy of \$150,000 or more, the Authority must complete the following:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Conduct a public hearing on the subsidy, after providing at least 10 days published notice in the local newspaper.
3. 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.

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 Certification and 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 ensure that the new value will be recorded in a timely manner.

2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
3. Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - a. the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;
 - b. the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
 - c. if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

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

Section 30 Financial Reporting and Disclosure Requirements

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

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

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the Authority's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the Authority and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the authority.
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 an economic development 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 above finding is based on a letter submitted by the Developer stating that without the use of tax increment financing the Project could not proceed.

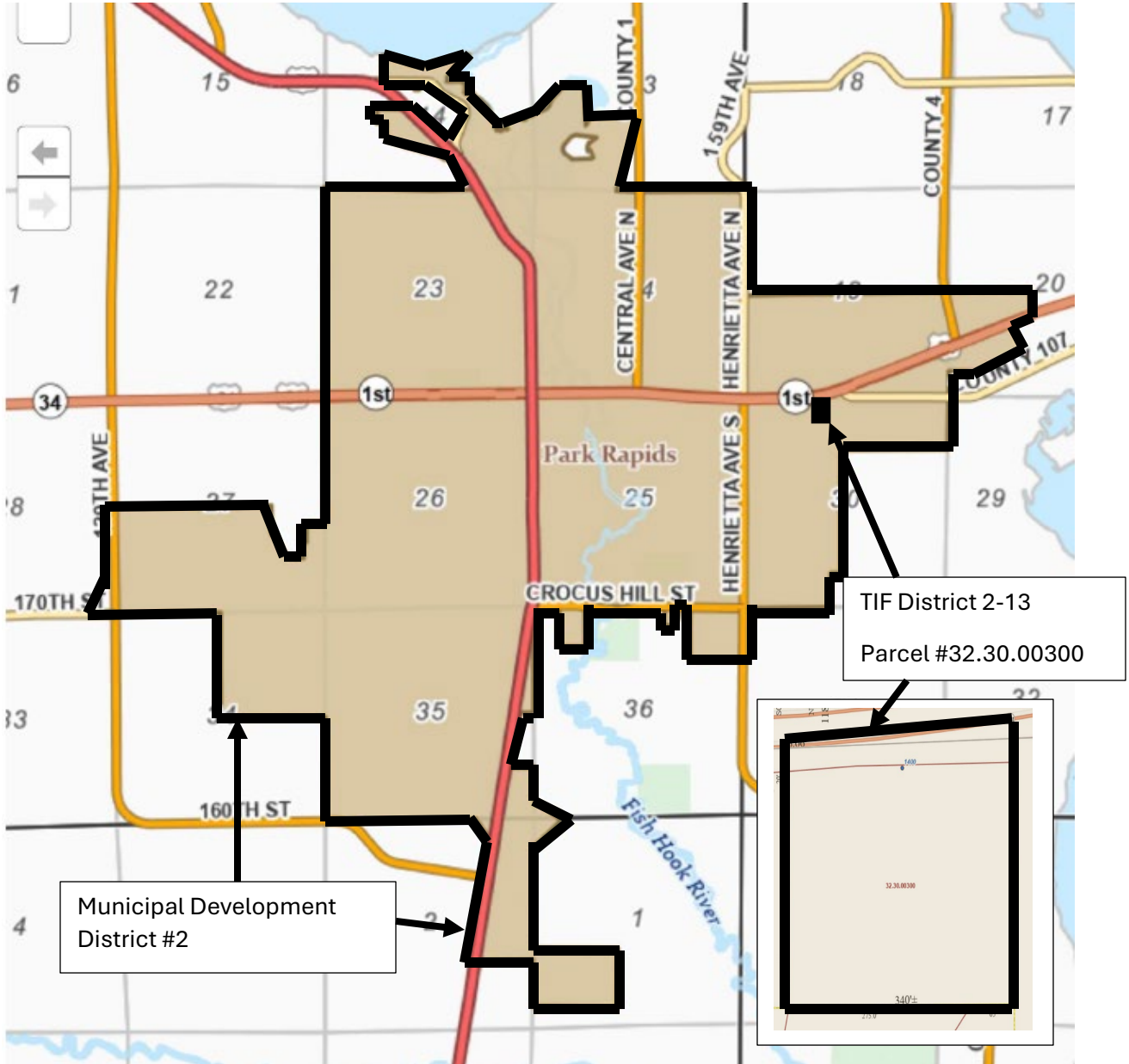
The City also finds that due to the amount of time the site(s) have sat in their current condition, the City finds no reason for additional development to occur without TIF assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance would be minimal. 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 property has had limited economic activity over the past five years so we are projecting a small inflationary rate of 1%. Such analysis is included as Exhibit 5, indicates that:

- a. *The Authority's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is **\$65,907** (for the reasons described above).*
 - b. *If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately **\$2,267,700**. The increase in market value would be due primarily to new construction within the TIF District. (See Exhibit 3)*
 - c. *The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to **\$409,626**. (See Exhibit 5)*
 - d. *Even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than **\$1,858,074** (the amount in clause b less the amount in clause c) without tax increment assistance.*
3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.
The reasons and facts supporting this finding are that the current zoning of the property provides for commercial development as a permitted use, and rezoning will not be required.
 4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.
The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

Exhibits

Map of Financing District and Project Area Exhibit 1
Parcels and Valuations Exhibit 2
Tax Increment Projections Exhibit 3
Statement of Fiscal and Economic Impacts Exhibit 4
Market Value Analysis Exhibit 5

City of Park Rapids, Minnesota
Municipal Development District # 2
Tax Increment Financing District No 2-13



The boundaries of Municipal Development District No. 2 are coterminous with the municipal boundaries

Exhibit 1

City of Park Rapids, Minnesota

Tax Increment Financing District 2-13

PARCEL INFORMATION

PIN #	Owner	2023/Pay 2024			
		Land	Building	Total M.V.	Tax Cap.
32.30.00300	PR PR LLC	152,300	580,000	732,300	13,896

City of Park Rapids, Minnesota

Tax Increment Financing District 2-13

TIF PROJECTIONS

Valuations & Projected Increases

	Market	Tax Capacity
Estimated Original Value	732,300	13,896
New Commercial Development Captured/Increased Values	3,000,000	59,250
	<u>2,267,700</u>	<u>45,354</u>

Assumed inflation rate: 3.00%

Tax Rate Assumptions:

	2024 Tax Rate	Projected TIF Tax Rate	Rate
City	68.8233%	68.8233%	68.8233%
County	31.1011%	31.1011%	31.1011%
School	15.7777%	15.7777%	15.7777%
Other	0.4133%	0.4133%	0.4133%
State	29.2944%	0.0000%	0.0000%
	<u>145.4077%</u>	<u>116.1133%</u>	<u>116.1133%</u>

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
2024	13,896	13,896	-	-	-	116.111%	-
2025	13,896	13,896	-	-	-	116.111%	52,662
2026	13,896	59,250	45,354	-	45,354	116.111%	54,726
2027	13,896	61,028	47,132	-	47,132	116.111%	56,852
2028	13,896	62,858	48,962	-	48,962	116.111%	59,041
2029	13,896	64,744	50,848	-	50,848	116.111%	61,296
2030	13,896	66,686	52,790	-	52,790	116.111%	63,619
2031	13,896	68,687	54,791	-	54,791	116.111%	66,012
2032	13,896	70,748	56,852	-	56,852	116.111%	68,476
2033	13,896	72,870	58,974	-	58,974	116.111%	71,015
2034	13,896	75,056	61,160	-	61,160	116.111%	553,700

Adjustments

	10.00% Adm. Retainage	0.36% State Auditor's Deduction	Other Additions or Subtractions	TOTAL NET REVENUES
	-	-	-	-
	5,247	190	-	47,225
	5,453	197	-	49,076
	5,665	205	-	50,982
	5,883	213	-	52,946
	6,108	221	-	54,968
	6,339	229	-	57,051
	6,577	238	-	59,197
	6,823	247	-	61,407
	7,076	256	-	63,683
	<u>55,171</u>	<u>1,993</u>	-	<u>496,536</u>
	~ Present Value @ 6% >			348,923

City of Park Rapids, Minnesota

Tax Increment Financing District 2-13

STATEMENT OF FISCAL AND ECONOMIC IMPACTS

Taxing Jurisdiction	Without TIF District			With TIF District				
	2023/Pay 2024 Taxable Net	Original Local TIF Tax Rate	2023/Pay 2024 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 Park Rapids	5,159,739	69%	5,159,739	59,250	40,777	5,218,989	68%	0.781%
Hubbard County	64,125,053	31%	64,125,053	59,250	18,427	64,184,303	31%	0.029%
School District #309	35,268,960	16%	35,268,960	59,250	9,348	35,328,210	16%	0.026%
Other ⁽²⁾	--	0%	--	59,250	245	--	0%	--
Totals					<u>68,797</u>		<u>115%</u>	<u>0.836%</u>

* Source: Minnesota Department of Revenue - PRISM

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically immediately available to each taxing jurisdiction 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 (after the OSA deduction) generated over the life of the TIF District is estimated to be: \$ 551,706

Statement #4: The estimated amount of increment is attributed to the local tax levies and captured as a result of the creation of this TIF District for the following local units:

City of Park Rapids	\$	327,008
Hubbard County	\$	147,773
School District #309	\$	74,963

Statement #5: The final Original Net Tax Capacity and Local Tax Rate of the TIF District will be based upon final data for taxes payable 2025, as it is expected that the request for certification will be after July 1, 2024, the Original Net Tax Capacity will actually be based on estimated market value that exists on January 2, 2024, for taxes payable 2025

⁽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 Park Rapids, Minnesota

Tax Increment Financing District 2-13

MARKET VALUE ANALYSIS

Increased Market Value of Site	2,267,700
Less Present Value of TIF Revenues	<u>409,626</u>
	1,858,074
Reasonably expected increase w/out TIF	<u>65,907</u>
Net Value Increase	1,792,167

Present Value Calculation

Calculation Date	12/31/2024
Present Value Factor	6.00%

#	Year	Gross Tax Increment	Present Value
	2024	-	-
	2025	-	-
1	2026	52,662	46,869
2	2027	54,726	48,706
3	2028	56,852	47,734
4	2029	59,041	46,766
5	2030	61,296	45,804
6	2031	63,619	44,849
7	2032	66,012	43,902
8	2033	68,476	42,963
9	2034	71,015	42,034
		<u>553,700</u>	<u>409,626</u>

RESOLUTION #2024-111

**AUTHORIZE EXECUTION OF A DEVELOPMENT AGREEMENT
AND APPROVE A BUSINESS SUBSIDY**

WHEREAS, PR PR, LLC, a Minnesota limited liability company (the “Developer”) has requested the City of Park Rapids, Minnesota (the “City”), to assist with the financing of certain costs incurred in connection with the construction by the Developer of an approximately 12,200 square-foot commercial restaurant facility by the Developer on certain real property located in the City (the “Project”);

WHEREAS, the Developer and the City have determined to enter into a Development Agreement providing for the City’s tax increment financing assistance for the Project (the “Development Agreement”); and

WHEREAS, the proposed assistance by the City to the Developer, as contemplated by the Development Agreement, is considered a business subsidy (the “Business Subsidy”) pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Park Rapids, Minnesota, as follows:

1. The City Council hereby approves the Development Agreement in substantially the form submitted, and the granting of the Business Subsidy as described in the Development Agreement, and the Mayor and City Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the City.

2. The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

The foregoing resolution was moved by Councilmember _____ seconded by
Councilmember _____

The following Councilmembers voted in favor:

The following Councilmembers voted nay:

The following Councilmembers absent:

(seal)

Vice Mayor Liz Stone

Attest:

Berit Score
City Clerk

Adopted this 10th day of September 2024.

STATE OF MINNESOTA
COUNTY OF HUBBARD
CITY OF PARK RAPIDS

I, the undersigned, being the duly qualified and acting City Administrator of the City of Park Rapids, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes with the original minutes of a meeting of the City Council of the City held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to a Resolution Authorizing Execution of a Development Agreement and Approval of a Business Subsidy.

WITNESS my hand as such City Administrator of the City Council of the City of Park Rapids, Minnesota, this 10th day of September, 2024.

Angel Weasner
City Administrator

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF PARK RAPIDS, MINNESOTA

AND

PR PR, LLC

This document drafted by:

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

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 10th day of September, 2024, by and between the City of Park Rapids, Minnesota (the “City”), a municipal corporation existing under the laws of the State of Minnesota and PR PR, LLC, a Minnesota limited liability company (the “Developer”).

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, the City has heretofore established Municipal Development District No. 2 (the “Development District”) and has adopted a development program therefor (the “Development Program”); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the “Tax Increment Act”), the City has heretofore established, within the Development District, Tax Increment Financing District No. 2-13 (the “Tax Increment District”) and has adopted a tax increment financing plan therefor (the “Tax Increment Plan”) which provides for the use of tax increment financing in connection with certain development within the Development District; and

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

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, will result in preservation and enhancement of the tax base, provide employment opportunities, and are in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995 (the "Business Subsidy Law"), apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law;

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

ARTICLE I

DEFINITIONS

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

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

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

City means the City of Park Rapids, Minnesota;

County means Hubbard County, Minnesota;

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

Development District means Municipal Development District No. 2, including the real property described in the Development Program;

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

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

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

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

Note Payment Date means August 1, 2026, and each February 1 and August 1 of each year thereafter to and including February 1, 2035; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

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

Project means the construction of an approximately 12,200 square-foot commercial restaurant facility by the Developer on the Development Property located in the City;

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

State means the State of Minnesota;

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

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

Tax Increment District means Tax Increment Financing District No. 2-13 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development 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 10, 2024, and any future amendments thereto;

Termination Date means the earlier of (i) February 1, 2035, (ii) the date the TIF Note is paid in full as provided in the TIF Note, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

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

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

(2) The City is statutory city that has a population of 5,000 or less and is located ten miles or more from any home rule charter or statutory city, located in the State, with a population of 10,000 or more.

(3) The Tax Increment District is an “economic development district” within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

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

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

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

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

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

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

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

(4) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

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

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

(7) The Developer shall commence construction of the Project by June 1, 2023, and the construction of the Project will be substantially completed by December 31, 2025, subject to Unavoidable Delays.

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

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

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Site Improvements and Legal and Administrative Expenses.

(1) The parties agree that the installation of the Site Improvements to be constructed by the Developer is essential to the successful completion of the Project. The costs of the Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$125,000, or (b) the actual costs of the Site Improvements actually incurred and paid by the Developer (the “Reimbursement Amount”) as further provided in Section 3.3.

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

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

Section 3.3. Reimbursement: TIF Note. The City shall reimburse the costs identified in Section 3.1(1) through the issuance of the City’s TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the Project has been completed and that the Developer has incurred and paid all costs of construction of the Site Improvements, as described in and limited by Section 3.1 and shall have submitted paid invoices for the costs of construction of the Site Improvements in an amount not less than the Reimbursement Amount.

(2) The unpaid principal amount of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at 6.00% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

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

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal and interest on the TIF Note. If, on any Note Payment Date, the Tax Increments for the payment of the accrued

and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

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

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

Section 3.4. Business Subsidies Law.

(1) In order to satisfy the Business Subsidy Law, the Developer acknowledges and agrees that: (i) the estimated amount of the Business Subsidy granted to the Developer by the City is \$275,000, which consists of the Reimbursement Amount granted under this Agreement (\$125,000) and the amount of a loan granted to the Developer by the City in connection with the Project from the Park Rapids Revolving Loan Fund (\$150,000) and (ii) the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to preserve and increase the tax base in the City, to encourage the redevelopment of commercial facilities within the City, and to create high-quality job growth in the City. The Developer agrees that it will meet the following goals (the "Goals") in connection with the development of the Development Property: the Developer will create at least thirteen (13) full time jobs at an hourly wage and benefits totaling of at least \$15.54 per hour within two years from the "Benefit Date," which is the earlier of the date the Developer completes or occupies the Project

(2) If no Goals are met within two years of the Benefit Date, the Developer agrees to repay the City the amount of the Business Subsidy attributable to this Agreement (\$125,000), plus interest ("Interest"), set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Goals are met in part by the Developer, the Developer will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the portion of the Business Subsidy attributable to this Agreement by a fraction, the numerator of which is the number of jobs in the Goals which were not retained or created at the wage level set forth above and the denominator of which is thirteen (13) (i.e. the number of jobs set forth in the Goals).

(3) The Developer agrees to (i) report its progress on achieving the Goals to the City until the later of the date the Goals are met or two (2) years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information

required in Section 116J.994, Subdivision 7 of the Business Subsidies Law on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the City. The Developer agrees to file these reports no later than March 1 of each year for the previous year, commencing March 1, 2025, and within 30 days after the deadline for meeting the Goals. The City agrees that if reports are not received by the City, the City will mail the Developer a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Developer agrees to pay to the City a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

(4) Other than the City, there are no other state or local government agencies providing financial assistance for the Project.

(5) There is no parent corporation of the Developer.

(6) The Developer agrees to continue operations on the Development Property for at least five (5) years after the Benefit Date.

(7) The Developer certifies that it does not appear on the Minnesota Department of Employment and Economic Development's list of developers that have failed to meet the terms of a business subsidy agreement.

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

The Developer agrees that, so long as it owns all or any portion of the Development Property, prior to the Termination Date:

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

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

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date; and

(4) It will not seek a reduction in the market value as determined by the Hubbard County Assessor of the Project or other facilities, if any, that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

Section 3.6. Prohibition Against Transfer of Project and Assignment of Agreement. The Developer represents and agrees that prior to the termination date of this Agreement the Developer shall not transfer the Project or any part thereof or any interest therein, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

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

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

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

ARTICLE IV

EVENTS OF DEFAULT

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

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

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

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

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

(5) If the Developer shall:

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

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

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

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

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

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

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

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

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

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

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

Section 4.6. Indemnification of City.

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

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

this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an “economic development district” under Section 469.174, Subdivision 12, of the Act and Section 469.176, Subdivision 4c. or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

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

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

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

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

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

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a commercial restaurant facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement. The Developer agrees that until the final Note Payment Date it will not expand the Project to a size greater than 15,000 square feet.

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

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

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

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

PR PR, LLC
Attention: [_____]]
3729 41st Avenue South
Moorhead, MN 56560

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

City of Park Rapids, Minnesota
Attention: City Administrator
Park Rapids City Hall
212 West Second Street
Park Rapids, MN 56470

with a copy to:

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

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

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

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

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

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

Section 6.9. Assignability of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

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

CITY OF PARK RAPIDS, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

This is a signature page to the Development Agreement by and between the City of Park Rapids, Minnesota and PR PR, LLC

PR PR, LLC

By _____
Its _____

This is a signature page to the Development Agreement by and between the City of Park Rapids, Minnesota and PR PR, LLC

EXHIBIT A

Description of Development Property

Property located in the City of Park Rapids, Hubbard County, Minnesota with the following property identification number:

32.30.00300

EXHIBIT B

Form of TIF Note

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF HUBBARD
CITY OF PARK RAPIDS

TAX INCREMENT REVENUE NOTE
(PR PR, LLC RESTAURANT PROJECT)

The City of Park Rapids, Minnesota (the “City”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the “Payment Amounts”) to PR PR, LLC (the “Developer”) or its registered assigns (the “Registered Owner”), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$125,000 as provided in that certain Development Agreement, dated as of September 10, 2024, as the same may be amended from time to time (the “Development Agreement”), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded rate of six and no hundredths percent (6.00%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2026, and on each February 1 and August 1 thereafter to and including February 1, 2035, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the “Payment Dates”). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the City, in whole or in part and without penalty, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of the tax increments (the “Tax Increments”) from the Development Property (as defined in the Development Agreement) within the City’s Tax Increment Financing District No. 2-13 (the “Tax Increment District”) within its Municipal Development District No. 2 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the “Tax Increment Act”). This Note shall terminate and be of no further force and effect following the last

Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

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

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

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

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

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

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

IN WITNESS WHEREOF, City of Park Rapids, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _____, 20__.

City Administrator

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

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

<u>NAME AND ADDRESS OF REGISTERED OWNER</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF CITY ADMINISTRATOR</u>
PR PR, LLC Attention: [_____]] 3729 41st Avenue South Moorhead, MN 56560	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C

Site Improvements

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

August 2024 Building Permits Issued

Return to Agenda

	<u>Month to Date</u>	<u>Year to Date</u>
Month	21 \$ 1,699,152.00	117 \$ 5,424,959.00
Single Family	2 \$ 250,000.00	5 \$ 873,000.00
Apartments	0 \$ -	0 \$ -
Units	0	0
Hotels/Motels	0 \$ -	0 \$ -
New Commercial or Related Structures	1 \$ 1,200,000.00	7 \$ 1,907,417.00
Public & Quas-Public Bldgs	0 \$ -	5 \$ 137,581.00
Commercial Remodel or Additions	4 \$ 36,672.00	39 \$ 998,401.00
Residential Remodel or Additions	12 \$ 162,521.00	55 \$ 1,375,677.00
Demolition/Move	1 \$ -	1 \$ -
Garages (New or Addition)	1 \$ 49,959.00	5 \$ 132,883.00

<u>Permit No.</u>	<u>Contractor</u>	<u>Address</u>	<u>Owner</u>	<u>Valuation</u>	<u>Description</u>
B24-98	Renewal By Anderson	14176 Eagle Pt Dr	Dave Stevens	\$ 8,000.00	Residential Repair
B24-98	CobBuild Const. Serv.	110 Henrietta Ave N	Kueber Eye Care	\$ 1,200,000.00	New Commercial
B24-99	Back 40 Roofing	711 Park Ave S	Dennis & Eileen Bolton	\$ 13,000.00	Residential Repair
B24-100	Your Home Improvement	306 Eastern Ave S	Shannon & Catherine Jay	\$ 11,500.00	Residential Remodel
B24-101	Your Home Improvement	303 Central Ave N	Amber & Edward Ure	\$ 13,000.00	Residential Remodel
B24-102	Samuelson Laney	1009 1st St. E	Heartland Inn	\$ 9,995.00	Residential Remodel
B24-103	Roger Peterson Construction	1009 1st St. E	Heartland Inn	\$ 14,900.00	Commercial Repair Mech
B24-104	Renewal By Anderson	701 Forest View Ave	George & MaryKay Pippy Tr	\$ 32,000.00	Residential Repair
B24-105	Renewal By Anderson	17905 Dahlia Rd	John & Julie Cook	\$ 24,000.00	Residential Repair
B24-106	Owner	903 Park Ae N	Shane Sundet	\$ 2,500.00	Residential Repair
B24-107	Mantrap Roofing	618 Malm St.	Juan Detwiler	\$ 10,600.00	Residential Repair
B24-108	Owner	15666 Deerwood Loop	Paul Ulke	\$ 49,959.00	Res. Access. Bldg.
B24-109	Pierce Concrete Inc.	218 Industrial Park Rd	Living at Home of PR	DEMO	Commercial Demolition
B24-110	Pride Repair & Construction	510 4th St. W	Curt Paurus	\$ 125,000.00	New Residential
B24-111	Pride Repair & Construction	512 4th St. W	Curt Paurus	\$ 125,000.00	New Residential
B24-112	Owner	1005 Park Ave N	Riverside United Methodist	\$ 4,000.00	Commercial Remodel
B24-113	Samuelson Laney	705 East River Dr	Summerfield Place	\$ 7,777.00	Commercial Repair Mech
B24-114	Mantrap Roofing	312 East River Dr	Jesse & Jill Clack	\$ 13,200.00	Residential Repair
B24-115	Mantrap Roofing	606 Lindy Dr	Gaylord & Lisa Carlson	\$ 7,900.00	Residential Repair
B24-116	Emcon, Inc.	104 Riverside Ave	Alex Zernan	\$ 8,170.00	Residential Repair
B24-117	Mike Heegard	503 King	Mike Heegard	\$ 18,651.00	Residential Repair

**CITY OF PARK RAPIDS
PARKS & BEAUTIFICATION BOARD REGULAR MEETING MINUTES**

Monday, August 12, 2024, Noon

City Hall Council Chambers

Park Rapids, Minnesota

1. CALL TO ORDER: The meeting was called to order at 12:00 p.m. by Chair Stuart Larson.

2. ROLL CALL: In attendance were: Stuart Larson, Elmer Schoon, Zelda Novak, Sue Cutler, Michelle Nickolauson, Kim Donahue, Barb Thomason, Council member Bob Wills, Administrator Angel Weasner, and Staff Steph Pazdernik and Dawn Rouse.

4. APPROVAL OF MINUTES (OUT OF ORDER). Novak moved, Schoon seconded to approve the minutes of the June 10, 2024 meeting as presented. Motion carried. Nickolauson moved, Schoon seconded to approve the minutes of the July 8, 2024 meeting as presented. Motion carried.

3. ADDITIONS TO THE AGENDA: Larson indicated there were these additions to the agenda:

- Possible drinking fountain (Pioneer Park);
- Meadowview Park information;
- Tennis Club (Depot Park); and,
- Report on music panels (Pioneer Park).

5. PARKS REPORT – STEPH PAZDERNIK. Pazdernik reported that she has been picking up garbage, cleaning bathrooms, and doing lots of mowing in the city's parks.

6. GENERAL BUSINESS:

6. A. RED BRIDGE PARK

1. BEACH HOUSE ROOF PROJECT-UPDATE. The roof is finished. The bill was identical to the bid. Wills had taken pictures so the other committee members could see how things turned out. There were a few areas he felt needed “finishing touches”. Weasner was asked how much was left in the capital outlay portion of the budget after payment of that billing. She was able to give a more definitive answer on this later in the meeting (see Parks finance topics).

2. POTENTIAL USES SURVEY. With the roofing project finished, Larson reiterated the need to continue the process of determining a potential use of the Beach House. He did not want the building “to be left to deteriorate for another 25 years.” It was determined by those present that a subcommittee would be formed to continue the process. Wills, Schoon, and Novak volunteered with Larson being notified and sitting in on the meetings as well. Schoon will act as

chair of the subcommittee. The preparation of a survey was discussed, but Wills expressed that most weren't productive and were difficult to interpret. It was suggested that it might be better "to let people bring in suggestions." Schoon thought it might be best to "get the inside taken care of before people looked at it." The concrete flooring is uneven. Cutler wanted to "make the building available for the widest amount of possibility." People have suggested to both Pazdernik and Schoon that bike and kayak rentals might be successful due to the proximity of the trail and lake. Pazdernik mentioned that reinstating the swimming beach had also been suggested, but stated, "It will never be a swim beach again."

Using the pictures he had provided, Wills spoke to the maintenance work that needs to be considered:

- Windows will be a high priority. For about the last ten years, the windows have been boarded up to prevent breakage. Pazdernik thought there were seven windows total. Two, on the west side, are broken and will need to be replaced. Replacements will probably have to be custom made. The wood edges will need to be replaced as well. Function and style of windows may be contingent upon use of the building so it might be counter productive to select replacements until use is determined. Wills warned that the windows will probably not be cheap.
- There is no electricity now. There is a water fountain on the outside of the building. Due to the lack of electricity, it might be necessary to use a generator and flood lights to thoroughly inspect the building and take measurements. Wills told a story about his dad buying a taxi sight unseen. The moral of the story was "don't pay anything you can't see."
- As the billing from Emcon did not include cost for rafters, an assumption was made that no truss work was necessary. Larson noted, that according to the billing, new sheeting was done. There was some general discussion about the work that was done. In response to a question by Cutler, Weasner indicated that the building inspector had inspected the project and had commented that the work was good. Pazdernik noted that they were only onsite four days.
- The white edging by the windows and fascia will need to be replaced. Fascia boards had been covered with metal and drip shield had been requested and provided. Wills explained the purpose of the drip shield.
- The double doors will need to be replaced (probably will have to be custom made) as the bottoms are trashed. There is a single steel door on the front of the building. Pazdernik indicated that this one will probably not need to be custom made as it was put in place from another building when the previous one was vandalized.
- The concrete steps have sunken six to eight inches. They will

probably need to be jacked up and filled underneath with pressurized polymer or dug out. It will need to be power washed and coated. Untreated concrete is very porous. In place of the steps, a ramp could be built to help facilitate ADA accessibility. Schoon suggested the installation of frost footings.

- Walls will need to be power washed.
- The mortar between the stones may be giving out. “It’s had lots of time to deteriorate.”

Pazdernik indicated the Public Works Department has battery lights and a pressure washer on a trailer. **Donahue moved, to allow the funds necessary to pay the labor to power wash.** Weasner indicated that project might have to wait till spring if Public Works was going to be involved as they have two big projects that are priorities right now. The city has generators, but they are necessary for water/sewer utility usage and not available for general use. Schoon has a generator, but he couldn’t get it started the last time he tried to use it. **Donahue edited her motion to allow committee to rent a generator from R & R Rental, set up a time, and pressure wash the building.** She suggested that they might be able to ask the Boy Scouts to help. Schoon liked the idea of getting the community involved and even going beyond the Boy Scouts. It was suggested the Hard Hat crew might be willing to help now that the roof was on. They might even have a generator. **Cutler seconded the idea, calling it an “excellent, common sense starting point.” Motion carried.** When it was suggested that groups helping might receive a donation, Larson reminded the board that, because they are dealing with public funds, giving a donation is not an option. Weasner expressed that the expenditure needs to go through the council first and to check with the building inspector to determine whether pressure washing might make cracks in the mortar work worse. Donahue indicated that there is a masonry guy in the area.

6. B. DEPOT PARK

1. UPDATE ON “FOOD FOREST”. Pazdernik will be meeting with the SWCD and several master gardeners on August 21 to clarify “process and progress”. **An update will be given at the September Parks and Beautification Board meeting.**

6. C. DEANE PARK.

1. BENCH UPDATE. Pazdernik reported that the donated bench has been installed at Deane Point. In response to the request made last month for the picnic tables to be moved back and benches placed closer to the swimming area, Pazdernik indicated that there has never been a bench there in her time (fifteen years). She recently replaced the picnic tables there with newer tables. The tables are chained or cemented down. Thomason commented that the bench “looks nice” by the ant sculpture. Schoon felt like having a bench in that area was more practical than the picnic tables. Pazdernik asked if the board had been to Deane Point recently, and if not, to please go take a look at the area.

6. D. LINDQUIST PARK.

1. INFORMATION ABOUT PLAY EQUIPMENT PER REQUEST. Before discussing the handicapped accessible play equipment proposal, Pazdernik informed the board that installation of the swings had been delayed due to rain. She had originally been told it would be replaced the end of July-first part of August. Now, it looks like it will be three weeks later.

6. F. OTHER (OUT OF ORDER).

1. TENNIS CLUB (ASSOCIATION) SIGN REQUEST. Thomason brought a request from the Tennis Club (Association) for permission to put a plaque honoring association members who had died on the western wall by the bathrooms. The plaque will be covered with an unbreakable glass insert and will be lit. The ongoing electric cost of the lighting would need to be considered. Pazdernik reminded Thomason that there is lighting there that should be considered. The restrooms are partially owned by the school district, so the request would need to be directed to them as well. For the city's part, the Tennis Association would need to submit a design and specifics for approval before the proposed signage could move forward. Thomason indicated that the Tennis Association's annual meeting is coming up, and she would provide them with that information. The donation of incredible amounts of money and time for the tennis court project was acknowledged.

2. DRINKING FOUNTAIN AT PIONEER PARK. Larson brought forward a suggestion that a drinking fountain be installed outside the bathrooms at Pioneer Park. Pazdernik will obtain prices for two main options for the next meeting. It was also noted that someone broke off the plunger in the bathroom. Pazdernik reported that it worked today. She had been gone Friday, but had received no report of any problem.

3. MUSIC PANELS. The music panels are in place at Pioneer Park. Novak saw kids playing with them. Schoon reported that the dog waste stand by panels got moved. It is now very sturdy. Pazdernik was asked if something about park donations could be put in kiosk under the glass. Cutler remembered something being there a while back. It has since been removed. The kiosk belongs to the Downtown Business Association. Pazdernik will check with them.

4. MEADOWVIEW PARK. Larson had gotten a map showing the proposed location of Meadowview Park from Mary Thompson at the Heartland Lakes Development Corporation. The proposed park will cover three to five acres. The project is two to three years out. Because the area will be close to a child care facility, part of the park will be geared to children in the age range serviced by the facility. Thompson is willing to help write grants for the equipment. A planning committee should be involved with them on that park. Cutler suggested involving an expert. Weasner indicated that a preliminary plan will be done by next spring. **Larson asked that the item be added back to the agenda three months from now.**

6. E. PARK FINANCE TOPICS (OUT OF ORDER)

1. REVIEW PARKS MONTHLY EXPENDITURE GUIDELINES. In answer to the question asked earlier about how much of their capital outlay money was left, Weasner responded that \$45,000 had been reserved from 2023. The re-roof project cost \$21,246, leaving a balance of \$23,754. In the 2024 budget, their was \$15,500 budgeted for them. Based on these numbers, Weasner informed them that they had \$38,000 left. These were suggested uses for that money:

- Another bench could be added to Deane Park (\$3,000);
- Weasner suggested buying one piece of handicapped accessible equipment this year or next, doing little pieces instead of one big project. Pazdernik has a price list of each piece of equipment;
- In his meeting with the Finance Committee, Larson had suggested some monies might be used to replace the non-metal side of the pavilion roof at Deane Park. Finance Committee members seemed to like that suggestion.

6. G. ADJOURN. The meeting adjourned at 1:19. The next meeting is scheduled for September 9, 2024, at noon.

Stuart Larson
Chair

Attest:

Dawn Rouse
Accounts Payable Clerk



August 20, 2024

Delivery via Email Please Reply "Received"

Ms. Angelica Weasner
City of Park Rapids
212 West 2nd Street
Park Rapids, MN 56470-1507

RE: ABC Call Sign Change

Dear Ms. Weasner:

Spectrum Mid-America, LLC ("Spectrum"), was recently notified and is noticing its customers regarding the following changes:

1. On or after November 4, 2024, KSAX and KRWF currently carried in standard definition will be replaced with KSTP carried in high definition on the channel line-up serving your community.

If you have any questions about these changes, please feel free to contact me at (952) 367-4263 or via email at david.larson@charter.com.

Sincerely,

A handwritten signature in black ink, appearing to read "David Larson".

David Larson
Director, State Government Affairs Minnesota
Charter Government Affairs