



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail City Council

Monday, September 24, 2018

5:00 PM

City Hall Council Chambers

5:00 PM CALL TO ORDER: Pursuant to due notice and call thereof a Regular Meeting of the Grand Rapids City Council will be held on Monday, September 24, 2018 at 5:00 p.m. in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL

MEETING PROTOCOL POLICY

Please be aware that the Council has adopted a Meeting Protocol Policy which informs attendees of the Council's desire to conduct meetings in an orderly manner which welcomes all civil input from citizens and interested parties. If you are unaware of the policy, copies (orange color) are available in the wall file by the Council entrance.

5:01 PM PUBLIC FORUM

5:06 PM COUNCIL REPORTS

APPROVAL OF MINUTES

18-0614 Consider approving Council minutes for Monday, September 10, 2018 Worksession & Regular meetings and Monday, September 17, 2018 Special meeting.

Attachments: [September 10, 2018 Worksession.pdf](#)
[September 10, 2018 Regular Meeting.pdf](#)
[September 17, 2018 Special Meeting.pdf](#)

6:15 PM VERIFIED CLAIMS

18-0609 Consider approving the verified claims for the period September 1, 2018 to September 17, 2018 in the total amount of \$863,143.40, of which \$145,000 are investments.

Attachments: [COUNCIL BILL LIST 09-24-18.pdf](#)

5:10 PM CONSENT AGENDA

Any item on the consent agenda shall be removed for consideration by request of any one Councilmember, City staff, or the public and put on the regular agenda for discussion and consideration.

1. [18-0567](#) Consider accepting the resignation from Jeremiah Puelston, Firefighter.

2. [18-0595](#) Consider adopting a resolution accepting a \$6,150 grant from the Minnesota Board of Firefighter Training and Education for the Grand Rapids Fire Department.
Attachments: [MBFTE Award Letter.pdf](#)
[FD MBFTE Gnt Res.pdf](#)

3. [18-0597](#) Consider approving a resolution adopting the 2018 proposed levy/collectible 2019 and setting December 3, 2018 at 6:00 p.m. to discuss the proposed budget, levy and allow for public comment and December 17, 2018 for the subsequent meeting to adopt the final levy and budget.
Attachments: [2019 levy and tax rate all 49ers](#)
[Preliminary levy budget 92418 res](#)

4. [18-0602](#) Consider adopting a resolution establishing a public hearing on October 8, 2018 on proposed assessments for CP 2011-3, 2018 NE Improvements Project.
Attachments: [9-24-18 Resolution CP 2011-3 Hearing for Assessments](#)

5. [18-0605](#) Consider adopting a resolution declaring the cost to be assessed and ordering the preparation of proposed assessments for CP 2011-3, 2018 NE Improvements Project.
Attachments: [9-24-18 Resolution CP 2011-3 Declaring Costs.pdf](#)

6. [18-0606](#) Consider rejecting the bid for Capital Improvements at the Fire Hall.
Attachments: [18079 bid rejection letter](#)
[18079 Bid Tab](#)

7. [18-0610](#) Consider approving a resolution authorizing an operating transfer from the General Fund to the Enterprise Fund-Storm Water Utility Fund in the amount of \$33,000.
Attachments: [\\$33,000 operating transfer from GF to 655-SnoGO](#)

8. [18-0611](#) Consider voiding lost Accounts Payable check #128589, issue a new check, and waiving bond requirements for check issued to Janell Hecimovich, in the amount of \$46.00.
Attachments: [J Hecimovich Affidavit.pdf](#)

9. [18-0612](#) Consider approving the hiring of a regular part-time employee at the Grand Rapids Park and Recreation Department and the IRA Civic Center.

10. [18-0613](#) Consider entering into an agreement with an area business for advertising at the IRA Civic Center.
Attachments: [American Bank-prtly signed](#)

11. [18-0616](#) Consider appointment of election judges.

5:12 SETTING OF REGULAR AGENDA**PM**

This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Council members present an agenda item.

ACKNOWLEDGE BOARDS & COMMISSIONS

12. 18-0615 Board & Commission Minutes

Attachments: [August 15, 2018 PUC minutes.pdf](#)
[August 28, 2018 PUC minutes.pdf](#)
[August 21, 2018 Golf Board minutes.pdf](#)

5:14 DEPARTMENT HEAD REPORT**PM**

13. 18-0620 Community Development Department Head Report

Attachments: [Community Development September 2018 Dept. Head Report](#)

5:24 FINANCE DEPARTMENT**PM**

14. 18-0596 Consider adopting a resolution awarding the sale of the \$1,960,000 General Obligation Street Reconstruction and Capital Improvement Bonds, Series 2018A.

Attachments: [Grand Rapids GO 2018A Award Resolution - 537018v1](#)

5:30 PUBLIC HEARINGS**PM**

15. 18-0607 Conduct a public hearing to receive public input on the implementation of the Small Cities Development Program (SCDP) Commercial and Residential Rehab Grant.

Attachments: [SCDP Implementation Public Hearing](#)

16. 18-0617 Conduct a public hearing to consider the establishment of TIF District 1-11, adoption of a TIF Plan and an associated Contract for Private Redevelopment for the redevelopment of the former Sawmill Inn site.

Attachments: [TIF Public Hearing Sawmill Inn Redevelopment.pptx \[Autosaved\]](#)

17. 18-0618 Consider adoption of a resolution modifying the development program for Development District No. 1; and establishing Tax Increment Financing District No. 1-11 therein and adopting a Tax Increment Financing Plan therefor.

Attachments: [Resolution Adopting a TIF district 1-11 TIF Plan](#)
[TIF PLAN - for Council consideration 9-24-18](#)

18. 18-0619 Consider adopting a resolution approving a Contract for Private Redevelopment with Rebound Hospitality, LLC and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its Tax Increment Revenue Note.

Attachments: Grand Rapids Sawmill Inn Resolution Approving CPD - 537337v1
Grand Rapids Sawmill Redevelopment CPD - 535028v6

**6:00 PUBLIC WORKS DEPARTMENT
PM**

19. 18-0603 Consider approving a proposal establishing a Remembrance Garden to be used for scattering cremated remains at the Itasca Calvary Cemetery.

Attachments: 2018 9-24 Attachment Proposed Scatter Area

20. 18-0604 Consider authorizing the purchase of a John Deere backhoe from McCoy Construction & Forestry of Grand Rapids, for the amount of \$98,933.00, including the trade-in of the existing Public Works 1991 John Deere backhoe under the Minnesota State Contract.

**6:10 ADMINISTRATION DEPARTMENT
PM**

21. 18-0608 Appointment of Travis Cole to the position of Fire Chief.

**6:20 ADJOURNMENT
PM**

NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 8, 2018, AT 5:00 P.M.

NOTE: These times are approximate only and are subject to change. If you are interested in a topic of discussion you should appear at least 10 minutes before its scheduled time.

Hearing Assistance Available: This facility is equipped with a hearing assistance system.

Attest: Kimberly Gibeau, City Clerk



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0614 **Version:** 1 **Name:** Council Minutes
Type: Agenda Item **Status:** Approval of Minutes
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider approving Council minutes for Monday, September 10, 2018 Worksession & Regular meetings and Monday, September 17, 2018 Special meeting.
Sponsors:
Indexes:
Code sections:
Attachments: [September 10, 2018 Worksession.pdf](#)
[September 10, 2018 Regular Meeting.pdf](#)
[September 17, 2018 Special Meeting.pdf](#)

Date	Ver.	Action By	Action	Result
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Consider approving Council minutes for Monday, September 10, 2018 Worksession & Regular meetings and Monday, September 17, 2018 Special meeting.



CITY OF GRAND RAPIDS

Minutes - Final - Draft City Council Work Session

Monday, September 10, 2018

4:45 PM

Conference Room 2A

4:45 PM CALL TO ORDER: Pursuant to due notice and call thereof a Special Meeting/Worksession of the Grand Rapids City Council was held on Monday, September 10, 2018 at 4:45 p.m. in City Hall Conference Room 2A, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a call of roll, the following members were present:

Present 5 - Mayor Dale Adams, Councilor Dale Christy, Councilor Bill Zeige, Councilor Rick Blake, and Councilor Tasha Connelly

Staff present:

Tom Pagel, Chad Sterle, Scott Johnson, Steve Schaar, Barb Baird, Matt Wegwerth, Rob Mattei

Discussion Items

1. Review 5:00 PM Regular Meeting

Addition of file #18-0588 as item #7a on Consent, request to purchase four gas monitor from Emergency Response Solutions, for the Fire Department Hazmat Team.

Mr. Pagel noted that final numbers have not been received from Itasca County, but they are expected this week. Upon receipt, staff will review and prepare adjustments to proposed budget as necessary and provide to Council for the scheduled special worksession on Monday, September 17, 2018.

A mailer containing educational information regarding Project Grand Rapids has been sent to area residents. It is important to note that the City is authorized to use funds to educate the public on projects. City staff are also available for on-site informational presentations upon request.

ADJOURN

There being no further business, the meeting adjourned at 4:56 PM.

Respectfully submitted:

Kimberly Gibeau
Kimberly Gibeau, City Clerk



CITY OF GRAND RAPIDS

Minutes - Final - Draft City Council

Monday, September 10, 2018

5:00 PM

City Hall Council Chambers

5:00 PM CALL TO ORDER: Pursuant to due notice and call thereof a Regular Meeting of the Grand Rapids City Council was held on Monday, September 10, 2018 at 5:00 p.m. in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL

Present 5 - Councilor Dale Christy
Mayor Dale Adams
Councilor Bill Zeige
Councilor Rick Blake
Councilor Tasha Connelly

Staff present:

Tom Pagel, Chad Sterle, Barb Baird, Rob Mattei, Matt Wegwerth, Scott Johnson, Steve Schaar

MEETING PROTOCOL POLICY

5:02 PM PUBLIC FORUM

None.

5:07 PM COUNCIL REPORTS

Councilor Connelly announces that there is a ribbon cutting ceremony at Crystal Lake Park on Thursday, September 13th at 5:00 PM for the new ADA swing. Also noted that the public arts project continues to move forward and residents will soon notice various murals and sculptures within the community.

5:10 PM APPROVAL OF MINUTES

Consider approving Council minutes for Monday, August 28, 2018 Regular meeting.

A motion was made by Councilor Bill Zeige, seconded by Councilor Rick Blake, to approve Council minutes as presented. The motion PASSED by unanimous vote.

VERIFIED CLAIMS

Consider approving the verified claims for the period August 21, 2018 to August 31, 2018 in the total amount of \$644,694.68, of which \$32,707.50 are debt service payments.

A motion was made by Councilor Christy, seconded by Councilor Connelly, to approve the verified claims as presented. The motion carried by the following vote.

Aye 5 - Councilor Dale Christy
Mayor Dale Adams
Councilor Bill Zeige
Councilor Rick Blake
Councilor Tasha Connelly

**5:12 CONSENT AGENDA
PM**

1. Consider adopting a resolution accepting a \$15,867.00 grant from the MN Department of Iron Range Resources & Rehabilitation (IRRR) Residential Redevelopment Grant Program.
Adopted Resolution 18-74 by consent roll call
2. Consider adopting a resolution accepting a Commercial Redevelopment grant from the Minnesota Department of Iron Range Resources (IRRR) for the former Sawmill Inn Redevelopment Project.
Adopted Resolution 18-75 by consent roll call
3. Consider voiding lost Accounts Payable check #123548, issue a new check, and waiving bond requirements for a check issued to Melissa Skoglund.
Approved by consent roll call
4. Consider the adoption of a resolution authorizing an application to the IRRRB Regional Trails Grant Program for the Grand Rapids/Cohasset Connection Trail
Adopted Resolution 18-76 by consent roll call
5. Consider approving a Memorandum of Agreement with Aeronautical Services of the FAA on a NOTAM Manager System
Approved by consent roll call
6. Consider approving the hiring of a regular part-time employee at the Grand Rapids Park and Recreation Department and the IRA Civic Center.
Approved by consent roll call
7. Consider adopting a resolution approving grant agreement with the State of Minnesota for the GPZ Apron Reconstruction project.

Adopted Resolution 18-77 by consent roll call

- 7a. Consider approving purchase of a four gas monitor from Emergency Response Solutions

Approved by consent roll call

Approval of the Consent Agenda

A motion was made by Councilor Zeige, seconded by Councilor Connelly, to approve the Consent agenda as amended. The motion carried by the following vote

- Aye** 5 - Councilor Dale Christy
- Mayor Dale Adams
- Councilor Bill Zeige
- Councilor Rick Blake
- Councilor Tasha Connelly

5:14 PM SETTING OF REGULAR AGENDA

A motion was made by Councilor Tasha Connelly, seconded by Councilor Dale Christy, to approve the Regular agenda as presented. The motion PASSED by unanimous vote.

ACKNOWLEDGE BOARDS & COMMISSIONS

- 8. Acknowledge approved minutes for Boards and Commissions

Arts & Culture: August 7 & 29, 2018
Library Board: May 9, 2018 & July 11, 2018
GREDA: July 12, 2018
Human Rights: July 25, 2018
Planning Commission: June 7, 2018
Civic Center, Park & Rec: May 9, 2018

Acknowledge Boards and Commissions

5:15 PM DEPARTMENT HEAD REPORT

- 9. Police Department - Asst. Chief Steve Schaar

Asst. Chief Schaar provided overview of Police Department activities, including various calls and the increase/decrease in unlawful activity, community events and programming including the 2nd annual Safety Camp for kids, having an increase in participants, National Night Out, Polar Plunge, Shop with A Hero, etc., special training programs, goals and progress, new department crest, and the recovery of Ruby Slippers. A full copy of the report is available upon request.

Received and Filed

5:25 ADJOURNMENT
PM

A motion was made by Councilor Dale Christy, seconded by Councilor Tasha Connelly, to adjourn the meeting at 5:26 PM. The motion PASSED by unanimous vote.

Respectfully submitted:

Kimberly Gibeau
Kimberly Gibeau, City Clerk



CITY OF GRAND RAPIDS

Minutes - Final - Draft City Council Work Session

Monday, September 17, 2018

4:30 PM

Conference Room 2A

CALL TO ORDER: Pursuant to due notice and call thereof a **Special Meeting/Worksession of the Grand Rapids City Council** was held on **Monday, September 17, 2018 at 4:30 p.m. in City Hall Conference Room 2A, 420 North Pokegama Avenue, Grand Rapids, Minnesota.**

CALL OF ROLL: On a call of roll, the following members were present:

Present 5 - Mayor Dale Adams, Councilor Dale Christy, Councilor Bill Zeige, Councilor Rick Blake, and Councilor Tasha Connelly

Staff present:

Tom Pagel, Barb Baird, Marcia Anderson, Scott Johnson, Erik Scott, Lynn DeGrio

Discussion Items

Review 2019 Preliminary Budget & Levy

City Administrator Pagel reviewed the proposed levy and budget for 2019. With the progress on the development of a possible Rental Ordinance and the increase in Information Technology staffing needs, Council reviews different scenarios that would change the initial budget/levy amounts. Following discussion, the Council directs staff to prepare resolution with the proposed budget and levy for consideration at the regular meeting on Monday, September 24, 2018.

Referred to the City Council due back on 9/24/2018

ADJOURN

There being no further business, the meeting adjourned at 5:46 PM.

Respectfully submitted:

Kimberly Gibeau
Kimberly Gibeau, City Clerk



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0609 **Version:** 1 **Name:** VERIFIED CLAIMS
Type: Agenda Item **Status:** Verified Claims
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider approving the verified claims for the period September 1, 2018 to September 17, 2018 in the total amount of \$863,143.40, of which \$145,000 are investments.
Sponsors:
Indexes:
Code sections:
Attachments: [COUNCIL BILL LIST 09-24-18.pdf](#)

Date	Ver.	Action By	Action	Result
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Consider approving the verified claims for the period September 1, 2018 to September 17, 2018 in the total amount of \$863,143.40, of which \$145,000 are investments.

Requested City Council Action

Make a motion approving the verified claims for the period September 1, 2018 to September 17, 2018 in the total amount of \$863,143.40, of which \$145,000 are investments.

DATE: 09/19/2018
 TIME: 08:44:27
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 09/24/2018

VENDOR #	NAME	AMOUNT DUE

GENERAL FUND		
CITY WIDE		
0200023	BMC SOFTWARE INC	382.35
	TOTAL CITY WIDE	382.35
BUILDING MAINTENANCE-CITY HALL		
0113233	AMERIPRIDE SERVICES INC	51.21
0118625	ARROW EMBROIDERY	115.11
0920060	ITASCA COUNTY TREASURER	224.17
1405725	NETWORK SERVICE COMPANY	105.08
1801610	RAPIDS PLUMBING & HEATING INC	206.50
	TOTAL BUILDING MAINTENANCE-CITY HALL	702.07
COMMUNITY DEVELOPMENT		
0118625	ARROW EMBROIDERY	145.11
	TOTAL COMMUNITY DEVELOPMENT	145.11
ENGINEERING		
1900225	SEH	4,333.75
	TOTAL ENGINEERING	4,333.75
FINANCE		
0700035	GASB	265.00
	TOTAL FINANCE	265.00
FIRE		
0121721	AUTO VALUE - GRAND RAPIDS	66.97
0315455	COLE HARDWARE INC	41.09
0401804	DAVIS OIL INC	606.58
0513235	EMERGENCY RESPONSE SOLUTIONS	578.82
0601690	FASTENAL COMPANY	29.26
0920060	ITASCA COUNTY TREASURER	167.04
1200500	L&M SUPPLY	219.12
	TOTAL FIRE	1,708.88
INFORMATION TECHNOLOGY		

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CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 09/24/2018

VENDOR #	NAME	AMOUNT DUE

GENERAL FUND		
INFORMATION TECHNOLOGY		
0500050	E3 CONSULTING SERVICES	530.00
1915248	SOFTWARE HARDWARE INTEGRATION	963.00
	TOTAL INFORMATION TECHNOLOGY	1,493.00
PUBLIC WORKS		
0103325	ACHESON TIRE INC	475.00
0113223	AMERICAN DETAILING	250.00
0113240	AMERICAN PUBLIC WORKS ASSOC	412.50
0201650	BARGEN INC	94,532.00
0221650	BURGGRAF'S ACE HARDWARE	147.93
0301685	CARQUEST AUTO PARTS	180.81
0315455	COLE HARDWARE INC	156.78
0401804	DAVIS OIL INC	1,357.20
0601690	FASTENAL COMPANY	382.13
0718215	GREEN AGAIN LAWN & AERATION	2,283.13
0801825	HAWKINSON CONSTRUCTION CO INC	1,182.96
0815730	HOTSY EQUIPMENT OF MINNESOTA	295.20
0920060	ITASCA COUNTY TREASURER	1,181.66
1309495	MINUTEMAN PRESS	708.04
1415030	NAPA SUPPLY OF GRAND RAPIDS	13.19
1503150	OCCUPATIONAL DEVELOPMENT CTR	337.50
1621125	PUBLIC UTILITIES COMMISSION	16,098.87
1908248	SHERWIN-WILLIAMS	571.12
2209421	VIKING ELECTRIC SUPPLY INC	747.56
	TOTAL PUBLIC WORKS	121,313.58
FLEET MAINTENANCE		
0301685	CARQUEST AUTO PARTS	463.85
0315455	COLE HARDWARE INC	30.11
0821705	HUSKY SPRING	317.47
0920060	ITASCA COUNTY TREASURER	68.03
1201434	LAKE WOODS CHRYSLER	158.00
1801615	RAPIDS WELDING SUPPLY INC	50.35
	TOTAL FLEET MAINTENANCE	1,087.81
POLICE		
0103325	ACHESON TIRE INC	40.00
0118625	ARROW EMBROIDERY	27.50
0301685	CARQUEST AUTO PARTS	499.74
0920060	ITASCA COUNTY TREASURER	4,360.17

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CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 09/24/2018

VENDOR #	NAME	AMOUNT DUE

GENERAL FUND		
POLICE		
1201434	LAKE WOODS CHRYSLER	150.45
1309160	MN COUNTY ATTORNEYS	110.00
1605665	PERSONNEL DYNAMICS LLC	546.75
	TOTAL POLICE	5,734.61
CENTRAL SCHOOL		
0315455	COLE HARDWARE INC	32.99
	TOTAL	32.99
AIRPORT		
0712225	GLEN'S ARMY NAVY STORE INC	439.80
1105444	KELLER FENCE COMPANY	250.00
2018680	TRU NORTH ELECTRIC LLC	425.00
	TOTAL	1,114.80
CIVIC CENTER		
GENERAL ADMINISTRATION		
0421725	DUTCH ROOM INC	105.60
0715435	GOLD MEDAL PRODUCTS CO	421.95
0920060	ITASCA COUNTY TREASURER	48.66
1200500	L&M SUPPLY	303.98
1309090	MINERS INC	50.79
1405725	NETWORK SERVICE COMPANY	241.37
1605611	PEPSI BEVERAGES COMPANY	625.00
1901309	SAIGER'S STEAM CLEAN LLC	1,890.00
1901535	SANDSTROM'S INC	742.46
1905150	SECURITY ACCESS CONTROL	54.00
2009474	TIMBERLAKE LODGE	806.50
2116600	UPPER LAKE FOODS INC	617.22
2209421	VIKING ELECTRIC SUPPLY INC	54.64
	TOTAL GENERAL ADMINISTRATION	5,962.17
STATE HAZ-MAT RESPONSE TEAM		
0121721	AUTO VALUE - GRAND RAPIDS	6.49
0401804	DAVIS OIL INC	75.66

DATE: 09/19/2018
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CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 09/24/2018

VENDOR #	NAME	AMOUNT DUE

STATE HAZ-MAT RESPONSE TEAM		
0513235	EMERGENCY RESPONSE SOLUTIONS	3,930.47
0605670	FERRELLGAS LP	786.00
	TOTAL	4,798.62
CEMETERY		
0201650	BARGEN INC	4,500.00
0221650	BURGGRAF'S ACE HARDWARE	16.22
0920060	ITASCA COUNTY TREASURER	294.97
1415590	NORTHWEST GAS	5,719.42
	TOTAL	10,530.61
DOMESTIC ANIMAL CONTROL FAC		
0920060	ITASCA COUNTY TREASURER	157.63
	TOTAL	157.63
TIF 1-10 RIVER HILLS APT		
1105530	KENNEDY & GRAVEN	162.00
	TOTAL	162.00
GENERAL CAPITAL IMPRV PROJECTS		
2010-5 MS RIVER PD BRIDGE		
1900225	SEH	3,671.10
	TOTAL 2010-5 MS RIVER PD BRIDGE	3,671.10
PARK ACQUISITION & DEVELOPMENT		
PARK IMPROVEMENTS		
0701510	GAMETIME	1,756.40
	TOTAL PARK IMPROVEMENTS	1,756.40
CAPITAL EQPT REPLACEMENT FUND		
CAPITAL OUTLAY-CIVIC CENTER		

DATE: 09/19/2018
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CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 09/24/2018

VENDOR #	NAME	AMOUNT DUE
CAPITAL EQPT REPLACEMENT FUND		
CAPITAL OUTLAY-CIVIC CENTER		
1309495	MINUTEMAN PRESS	53.76
1920555	STOKES PRINTING & OFFICE	28.79
TOTAL CAPITAL OUTLAY-CIVIC CENTER		82.55
AIRPORT CAPITAL IMPRV PROJECTS		
2018 GA APRON CONSTRUCTION		
1900225	SEH	17,390.00
TOTAL 2018 GA APRON CONSTRUCTION		17,390.00
2018 INFRAST/CPT MNT IMP BONDS		
2018 NE IMPROVEMENTS		
0301705	CASPER CONSTRUCTION INC	33,359.62
1900225	SEH	40,487.75
TOTAL 2018 NE IMPROVEMENTS		73,847.37
10TH AVENUE NE		
0301705	CASPER CONSTRUCTION INC	916.50
TOTAL 10TH AVENUE NE		916.50
2019 INFRASTRUCTURE BONDS		
2019-1 GLF COURSE RD UTIL EXT		
1900225	SEH	1,135.76
TOTAL 2019-1 GLF COURSE RD UTIL EXT		1,135.76
2019-2 COHASSET TRAIL		
1900225	SEH	345.00
TOTAL 2019-2 COHASSET TRAIL		345.00
STORM WATER UTILITY		
0315455	COLE HARDWARE INC	25.46
0401804	DAVIS OIL INC	1,612.10
0801535	HAMMERLUND CONSTRUCTION INC	874.00
0920060	ITASCA COUNTY TREASURER	305.30

DATE: 09/19/2018
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CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 09/24/2018

VENDOR #	NAME	AMOUNT DUE

STORM WATER UTILITY		
1015326	JOHNSON JET-LINE INC	5,000.00
1200500	L&M SUPPLY	11.28
1309091	SUPERONE FOODS	64.19
1621125	PUBLIC UTILITIES COMMISSION	6,557.04
1901500	SAMMY'S PIZZA	324.37
	TOTAL	14,773.74
	TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$ 273,843.40
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0114210	D. ANDERSON - CHANGE FUND	2,980.00
0116600	APPLE VALLEY, CITY OF	1,221.00
0201354	B. BAIRD-PETTY CASH FUND	5.45
0305530	CENTURYLINK QC	259.00
0418360	DVS RENEWAL	1,739.44
0605191	FIDELITY SECURITY LIFE INS CO	71.22
0718015	GRAND RAPIDS CITY PAYROLL	243,172.19
0718070	GRAND RAPIDS STATE BANK	65.00
0815440	HOLIDAY STATIONSTORES LLC	282.85
0920055	ITASCA COUNTY RECORDER	138.00
1101645	LASHA KARELS	37.95
1205095	LEAGUE OF MN INSURANCE TRUST	2,000.00
1301146	MARCO TECHNOLOGIES, LLC	1,848.15
1305046	MEDIACOM LLC	11.55
1309098	MINNESOTA MN IT SERVICES	443.80
1309199	MINNESOTA ENERGY RESOURCES	73.39
1309265	MN DEPT OF LABOR & INDUSTRY	160.00
1309332	MN STATE RETIREMENT SYSTEM	1,620.00
1405850	NEXTERA COMMUNICATIONS LLC	444.98
1502645	GARY O'BRIEN	115.00
1516220	OPERATING ENGINEERS LOCAL #49	102,747.00
1601750	PAUL BUNYAN COMMUNICATIONS	201.50
1609561	PIONEER TELEPHONE	9.63
1621130	P.U.C.	28,576.33
1913336	MORGAN STANLEY	145,000.00
2000490	TDS Metrocom	780.24
2100265	U.S. BANK	450.00
2114750	UNUM LIFE INSURANCE CO OF AMER	259.94
2205637	VERIZON WIRELESS	2,056.16
2209665	VISA	3,883.76
2209705	VISIT GRAND RAPIDS INC	48,460.34
2301700	WASTE MANAGEMENT OF MN INC	186.13
	TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$589,300.00
	TOTAL ALL DEPARTMENTS	863,143.40



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0567 **Version:** 1 **Name:** Consider accepting the resignation from Jeremiah Puelston, Firefighter.
Type: Agenda Item **Status:** Consent Agenda
File created: 9/5/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider accepting the resignation from Jeremiah Puelston, Firefighter.
Sponsors:
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Consider accepting the resignation from Jeremiah Puelston, Firefighter.

Background Information:

Jeremiah Puelston, Firefighter, was hired on October 25, 2005. In his letter of resignation, Jeremiah stated that he has *"...had almost 13 years on and enjoyed every minute of it. I am grateful for the opportunity to have served with a great organization and a great group of people."* His 13 years of service on the Grand Rapids Fire Department have been greatly appreciated.

Staff Recommendation:

Fire Chief Mike Liebel and Human Resources Director Lynn DeGrio are recommending accepting the resignation from Jeremiah Puelston, Firefighter, with appreciation for his 13 years of service on the Grand Rapids Fire Department.

Requested City Council Action

Make a motion to accept the resignation of Jeremiah Puelston, Firefighter, effective September 11, 2018.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0595 **Version:** 1 **Name:**
Type: Agenda Item **Status:** Consent Agenda
File created: 9/14/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider adopting a resolution accepting a \$6,150 grant from the Minnesota Board of Firefighter Training and Education for the Grand Rapids Fire Department.

Sponsors:

Indexes:

Code sections:

Attachments: [MBFTE Award Letter.pdf](#)
[FD MBFTE Gnt Res.pdf](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution accepting a \$6,150 grant from the Minnesota Board of Firefighter Training and Education for the Grand Rapids Fire Department.

Background Information:

The Minnesota Board of Firefighter Training and Education (MBFTE) has awarded the Grand Rapids Fire Department, under Round 11 training reimbursement program, \$6,150. This training reimbursement award is for MBFTE approved training conducted between July 1, 2018 and June 30, 2019.

Staff Recommendation:

Please consider approving a resolution to accept the \$6,150 grant from the Minnesota Firefighter Training and Education (MBFTE) for the Grand Rapids Fire Department.

Requested City Council Action

Make a motion accepting the \$6,150 from the Minnesota Board of Firefighter Training and Education for the Grand Rapids Fire Department.



MINNESOTA BOARD OF FIREFIGHTER TRAINING AND EDUCATION

445 MINNESOTA ST., SUITE 146
SAINT PAUL, MN 55101
TELEPHONE: 651-201-7257 FAX: 651-215-0525
EMAIL: fire-training.board@state.mn.us
WEBSITE: www.mbfte.org

GRAND RAPIDS FIRE DEPARTMENT
18 NE 5TH ST
GRAND RAPIDS MN 55744

August 16, 2018

The Minnesota Board of Firefighter Training and Education (MBFTE) is pleased to notify you that your fire department has been awarded, under the Round 11 (FY19) training reimbursement program, the amount of \$6,150.00. This training reimbursement award is for MBFTE approved training conducted between July 1, 2018 and June 30, 2019 (see the approved reimbursable classes list at www.mbfte.org). Award funds MUST be spent on the approved MBFTE list of classes.

The Round 11 training reimbursement program is based on a "per firefighter" amount for all fire departments in Minnesota. The MBFTE had requested current rosters and the number of firefighters on departments throughout the state. Your Round 11 reimbursement was based on the reported "number of firefighters" in your department multiplied by the "per firefighter" rate of \$205.00 to equal your award. If your department failed to report the number of firefighters to MBFTE, your award amount is \$2,050.00.

In order to process your reimbursement award you must:

1. Complete and sign the Request for Reimbursement form on the MBFTE website at <http://www.mbfte.org/ReimbursementForm.aspx> and remit by August 1, 2019. Your fire department is encouraged to send in your Request for Reimbursement Form(s) anytime during the July 1, 2018-June 30, 2019 fiscal year.
2. Attach documentation of training expenses paid. Documentation includes: invoices for training, certifications, books, backfill and overtime costs (if applicable) associated with MBFTE approved training, and payroll records for in-house trainers. **All EMS training which is approved by the EMSRB and is not primarily reimbursed through an EMS Association is eligible for reimbursement with proper documentation.**
3. Mail, fax, email, or upload the Request for Reimbursement Form and supporting documentation, **or have your training provider submit your information to the MBFTE for direct payment to them if your department has an award balance that is equal to or more than the amount of the invoice.**

The funds will be disbursed upon receipt of the signed, completed form, along with the proper supporting documentation. You will not receive a check in the mail; your reimbursement will be electronically deposited into the account that corresponds to the tax identification number provided on the Request for Reimbursement Form.

If you have questions regarding your award, please email me at steve.flaherty@state.mn.us or you may call me at 651-201-7258.

Respectfully,

Steve Flaherty, Executive Director

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 18-

A RESOLUTION ACCEPTING A \$6,150.00 GRANT FROM THE MINNESOTA BOARD OF FIREFIGHTER TRAINING and EDUCATION (MBFTE) FOR THE GRAND RAPIDS FIRE DEPARTMENT TRAINING PROGRAM

WHEREAS, Minnesota State Statutes 465.03, states that cities may accept gifts of real or personal property, including money, and use them in accordance with the terms the donor prescribes; and

WHEREAS, every such acceptance shall be by resolution of the governing body adopted by two-thirds majority of its members,

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Grand Rapids, Itasca County, Minnesota, accepts the listed donation and terms of the donor as follows:

- The Minnesota Board of Firefighter Training & Education has granted the Grand Rapids Fire Department a \$6,150.00 Round 11 Training Reimbursement Grant for the period July 1, 2018 through June 30, 2019.

Adopted this 24th day of September 2018.

Dale C. Adams, Mayor

Attest:

Kimberly Johnson-Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0597 **Version:** 1 **Name:** Preliminary 2018 Levy/Payable 2019
Type: Agenda Item **Status:** Consent Agenda
File created: 9/17/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider approving a resolution adopting the 2018 proposed levy/collectible 2019 and setting December 3, 2018 at 6:00 p.m. to discuss the proposed budget, levy and allow for public comment and December 17, 2018 for the subsequent meeting to adopt the final levy and budget.

Sponsors:

Indexes:

Code sections:

Attachments: [2019 levy and tax rate all 49ers](#)
[Preliminary levy budget 92418 res](#)

Date	Ver.	Action By	Action	Result
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Consider approving a resolution adopting the 2018 proposed levy/collectible 2019 and setting December 3, 2018 at 6:00 p.m. to discuss the proposed budget, levy and allow for public comment and December 17, 2018 for the subsequent meeting to adopt the final levy and budget.

Background Information:

Attached is a resolution adopting the Proposed 2018 levies payable in 2019 and the Proposed operating expenditures budget. The following table identifies and compares tax capacity, fiscal disparities, and levies from 2018 to proposed 2019:

Summary of Tax Capacity and Levy
2018 vs. 2019

Item	2018	2019	Inc./Decr.
Tax Capacity	9,614,292	9,841,004	2.36%
Abatement Levy	0	0	
TIF Captured Tax Increment	(255,705)	(291,480)	13.99%
Fiscal Disparities Contribution	(1,216,383)	(1,219,912)	0.29%
Taxable Tax Capacity	8,142,204	8,329,612	2.30%
Certified Levy	7,408,178	7,719,023	4.20%
Less Fiscal Disparities Levy	(691,411)	(751,271)	8.66%
Net Levy	6,716,767	6,967,752	3.74%
Tax Rate	82.493%	83.650%	1.157%

Cities are no longer required to hold a Truth in Taxation hearing, but they are required to hold a single meeting to discuss the budget and levy and at which time the public is allowed to speak. This meeting may be part of a regular scheduled

meeting but must be held after 6:00 p.m. When the City calendar was adopted in December 2017, it was determined that the date for the hearing would be December 3, 2018. The time and dates will be on the parcel specific notices sent out by Itasca County, so they cannot be changed once certified to the County.

The City has to certify a preliminary levy to the County Auditor by October 1, 2018. The final levy adopted by the Council in December can be less than the preliminary levy, but it cannot be more. The Council will continue to work on the budget until its adoption in December.

Staff Recommendation:

Staff recommends approving a resolution adopting the 2018 proposed levy/collectible in 2019 and setting December 3, 2018 at 6:00 p.m. to discuss the proposed budget, levy and allow for public comment and December 17, 2018 for the subsequent meeting to adopt the final levy and budget.

Requested City Council Action

Make a motion approving a resolution adopting the 2018 proposed levy/collectible in 2019 and setting December 3, 2018 at 6:00 p.m. to discuss the proposed budget, levy and allow for public comment and December 17, 2018 for the subsequent meeting to adopt the final levy and budget.

**PROJECTED LEVY & TAX RATE
CITY OF GRAND RAPIDS
PREVIOUSLY CERTIFIED LEVIES AND 2018 PROPOSED LEVY**

	2014 Levy Payable 2015	2015 Levy Payable 2016	2016 Levy Payable 2017	2017 Levy Payable 2018	2018 Levy Payable 2019
General Fund	4,168,242	4,390,829	4,539,564	4,575,478	4,839,012
Library Fund	612,716	632,999	666,240	702,687	702,687
Cemetery	164,497	198,500	189,446	198,575	203,540
GREDA Levy	60,000	60,000	60,000	60,000	60,000
Levy Internal Loan-Equip Purchases	141,588	141,588	120,000	175,000	219,000
Abatement Levies-St. Joe's	30,000	25,000	25,000	25,000	25,000
Special Levies	-	-	-	-	-
Total Levy Required for Operations	5,177,042	5,448,916	5,600,250	5,736,740	6,049,239
Bonded Indebtedness	1,668,123	1,502,644	1,658,424	1,671,438	1,669,784
GROSS LEVY	6,845,166	6,951,560	7,258,674	7,408,178	7,719,023
Less:					
Fund Balance Contribution	-	-	-	-	-
CERTIFIED LEVY	6,845,166	6,951,560	7,258,674	7,408,178	7,719,023
	15.95%	1.55%	4.42%	2.06%	4.20%

2018 ESTIMATED TAX CAPACITY AND PROPOSED LEVY

TAX CAPACITY	\$9,841,004
Less:	
-	-
Abatement Levy	-
TIF Captured tax increment	(291,480)
Fiscal Disparities contribution	(1,219,912)
Taxable tax capacity*	\$8,329,612

CERTIFIED LEVY	\$7,719,023
Less:	
Fiscal disparities distribution levy	(751,271)
Net amount levied to property owners	\$6,967,752

**2005 - 2018 TAXABLE TAX CAPACITY, CERTIFIED LEVY and CITY TAX RATE
and 2019 ESTIMATED TAXABLE TAX CAPACITY
and 2019 ESTIMATED LEVY and CITY TAX RATE**

TAX YEAR PAYABLE	TAXABLE TAX CAPACITY	NET CERTIFIED LEVY	CITY TAX RATE	CITY/TOWNSHIP TAX RATE	TOTAL TAX RATE
2005	5,402,830	3,868,947	71.339	4.603	75.942
2006	5,692,534	3,977,337	69.869	4.452	74.321
2007	6,224,893	4,091,108	65.722	2.972	68.694
2008	6,851,971	4,503,251	65.722	3.834	69.556
2009	7,919,927	4,677,712	59.063	1.841	60.904
2010	7,115,267	4,631,705	65.095	1.271	66.366
2011	7,647,353	4,885,894	61.602	2.288	63.890
2012	7,014,456	4,874,006	67.019	2.466	69.485
2013	7,346,013	5,068,674	66.644	2.355	68.999
2014	7,014,208	5,562,859	76.842	2.466	79.308
2015	8,067,867	6,393,379	77.206	2.039	79.245
2016	8,140,678	6,450,063	76.794	2.438	79.232
2017	8,171,794	6,717,854	79.890	2.318	82.208
2018	8,142,204	6,716,767	80.054	2.439	82.493
2019	8,329,612	6,967,752	81.207	2.444	83.650

5.76%
0.00%
2.50%
0.00%
25.14%
0.00%

5.45%

-0.10%

4.20%

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 18-

A RESOLUTION ADOPTING THE PROPOSED 2018 LEVIES PAYABLE IN 2019 AND THE PROPOSED 2019 OPERATING EXPENDITURE BUDGET

WHEREAS, as a result of legislation passed in the 2009 Legislative session, the requirement to hold a special Truth in Taxation public hearing, continuation hearing, and levy adoption hearing have been repealed, and

WHEREAS, cities are still required to hold a single meeting to discuss the budget and levy and at which time the public is allowed to speak, and

WHEREAS, this meeting may be part of a regularly scheduled meeting, but must occur between the dates of November 24, 2018 and December 28, 2018 and be held after 6:00 p.m. and the public must be allowed to speak, and

WHEREAS, the City staff has been working with the City Council to set the 2019 proposed budget and this budget and levy were presented to the City Council on September 17, 2018, and

WHEREAS, the City of Grand Rapids acknowledge the Greenway Joint Recreation Association Board levy of \$300,000 for 2018 taxes collectable 2019, and

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Grand Rapids, Minnesota that it does establish a proposed operating expenditure budget for the year of 2019 of \$9,275,774, and

BE IT FURTHER RESOLVED, by the City Council of the City of Grand Rapids, Minnesota, that the initial levy for the City of Grand Rapids for 2018 taxes collectible 2019 be as follows:

General Fund	\$4,839,012
Regional Library Fund	702,687
Itasca Calvary Cemetery	203,540
Grand Rapids Economic Development Authority	60,000
Inter-fund Loan Repayment	219,000
Abatement Levies	25,000
2009C Improvement Bonds	305,151
2010A Improvement Bonds	54,608
2010 Debt Study Reduction	(105,000)
2011 Improvement Bonds	58,755
2012A Improvement Bonds	131,572
2013A Refunding Bonds	101,036
2013B Reconstruction Bonds	113,133
2014A Reconstruction Bonds	287,117
2016A Reconstruction Bonds	149,659
2017A Reconstruction Bonds	170,400
2017B Refunding Bonds	248,353
2018A St. Reconst. & CIP Bonds	155,000
TOTAL CERTIFIED TO COUNTY AUDITOR	<u>\$7,719,023</u>

BE IT FURTHER RESOLVED, by the City Council of the City of Grand Rapids, Minnesota, that the City certifies to the County Auditor the following dates:

- December 3, 2018 at 6:00 p.m. to discuss the proposed budget and levy and allow for public comment and
- December 17, 2018 for the subsequent meeting for the adoption of the final levy and budget.

Adopted this 24th day of September 2018.

Dale Adams, Mayor

Attest:

Kim Johnson-Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0602 **Version:** 1 **Name:** CP 2011-3 Call Public Hearing
Type: Agenda Item **Status:** Consent Agenda
File created: 9/17/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider adopting a resolution establishing a public hearing on October 8, 2018 on proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Sponsors:

Indexes:

Code sections:

Attachments: [9-24-18 Resolution CP 2011-3 Hearing for Assessments](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution establishing a public hearing on October 8, 2018 on proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Background Information:

CP 2011-3, 2018 NE Improvements Project is complete and ready for levying final assessments. The attached resolution establishes a public hearing which is required prior to adopting final assessments.

Staff Recommendation:

City staff is recommending adopting the attached resolution establishing a public hearing on proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Requested City Council Action

Make a motion adopting a resolution establishing a public hearing on proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Council member _____ introduced the following resolution and moved for its adoption:

RESOLUTION NO.18-__

**A RESOLUTION FOR PUBLIC HEARING ON PROPOSED ASSESSMENTS FOR
2018 Northeast Improvements Project; City Project 2011-3**

WHEREAS, a resolution passed by the Council on September 24, 2018, the City Clerk was directed to prepare a proposed assessment of the cost to improve existing public infrastructure within the right of way and utility or alley easements of 7th Street NE from 7th Avenue NE to 13th Avenue NE, 11th Avenue NE from 7th Street NE to the Sports Complex Entrance, 10th Avenue NE from 5th Street NE to 7th Street NE, the Alley between 6th Avenue NE and 7th Avenue NE from 6th Street NE to 7th Street NE, by reconstructing streets, storm sewer, sanitary sewer, street lights, sidewalks, and associated appurtenances, and

WHEREAS, the City Clerk has notified the Council that such proposed assessment has been or will be completed and filed in the Clerk's office for public inspection,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRAND RAPIDS,
MINNESOTA:

1. A hearing shall be held on the 8th day of October, 2018, in the City Hall Council Chambers at 5:30 p.m., to pass upon such proposed assessment, and at such time and place all persons owning property affected by such improvement will be given an opportunity to be heard with reference to such assessment.
2. The City Clerk is hereby directed to cause a notice of the hearing on the proposed assessment to be published once in the official newspaper at least two weeks prior to the hearing, and shall state in the notice the total cost of the improvement. The City Clerk shall also cause mailed notice to be given to the owner of each parcel described in the assessment roll not less than ten days prior to the hearings.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the County Auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City Clerk, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of the assessment. The property owner may, at any time thereafter, pay to the City Clerk the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15, or interest will be charged through December 31 of the succeeding year.

Adopted by the Council this 24th day of September, 2018.

Dale Adams, Mayor

ATTEST:

Kimberly Johnson-Gibeau, City Clerk

Council member _____ seconded the foregoing resolution and the following voted in favor thereof: _____ ; and the following voted against same: _____ ; whereby the resolution was declared duly passed and adopted.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0605 **Version:** 1 **Name:** CP 2011-3 Declare costs
Type: Agenda Item **Status:** Consent Agenda
File created: 9/18/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider adopting a resolution declaring the cost to be assessed and ordering the preparation of proposed assessments for CP 2011-3, 2018 NE Improvements Project.
Sponsors:
Indexes:
Code sections:
Attachments: [9-24-18 Resolution CP 2011-3 Declaring Costs.pdf](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution declaring the cost to be assessed and ordering the preparation of proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Background Information:

CP 2011-3, 2018 NE Improvements Project is complete and ready to process special assessments. The attached resolution directs staff to prepare the final assessments.

Staff Recommendation:

City staff is recommending adopting the attached resolution declaring cost to be assessed and ordering the preparation of proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Requested City Council Action

Make a motion adopting a resolution declaring the cost to be assessed and ordering the preparation of proposed assessments for CP 2011-3, 2018 NE Improvements Project.

Council member _____ introduced the following resolution and moved for its adoption:

RESOLUTION NO.18-__

**A RESOLUTION DECLARING THE COST TO BE ASSESSED AND
ORDERING THE PREPARATION OF PROPOSED ASSESSMENT FOR
2018 Northeast Improvements Project
City Project 2011-3**

WHEREAS, a contract was let and cost was determined to improve existing public infrastructure within the right of way and utility or alley easements of 7th Street NE from 7th Avenue NE to 13th Avenue NE, 11th Avenue NE from 7th Street NE to the Sports Complex Entrance, 10th Avenue NE from 5th Street NE to 7th Street NE, the Alley between 6th Avenue NE and 7th Avenue NE from 6th Street NE to 7th Street NE, by reconstructing streets, storm sewer, sanitary sewer, street lights, sidewalks, and associated appurtenances, and

The improvement cost, including change orders, was \$2,149,000 and the expenses incurred in making the improvements amount to \$595,975, so that the total cost of the improvements will be \$2,744,975.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRAND RAPIDS, MINNESOTA:

1. The portion of the cost of such improvement to be paid by the City is hereby declared to be \$1,952,082 and the portion of the cost to be assessed against benefited property owners is declared to be an amount not to exceed \$396,229.
2. Assessments shall be payable in equal annual installments extending over a period of 15 years, the first of the installments to be payable on or before the first Monday in January 2018, and shall bear interest at the rate of 3.16 percent per annum from the date of the adoption of the assessment resolution.
3. The City Clerk, with the assistance of the City Engineering Department Staff, shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece, or parcel of land within the district affected, without regard to cash valuation, as provided by law, and shall file a copy of such proposed assessment in the Clerk's office for public inspection.
4. The City Clerk shall, upon the completion of such proposed assessment, notify the Council thereof.

Adopted by the Council this 24th day of September, 2018.

Dale Adams, Mayor

ATTEST:

Kimberly Johnson-Gibeau, City Clerk

Council member _____ seconded the foregoing resolution and the following voted in favor thereof: _____ ; and the following voted against same: _____ ; whereby the resolution was declared duly passed and adopted.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0606 **Version:** 1 **Name:**
Type: Agenda Item **Status:** Consent Agenda
File created: 9/18/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider rejecting the bid for Capital Improvements at the Fire Hall.
Sponsors:
Indexes:
Code sections:
Attachments: [18079 bid rejection letter](#)
[18079 Bid Tab](#)

Date	Ver.	Action By	Action	Result
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Consider rejecting the bid for Capital Improvements at the Fire Hall.

Background Information:

Bids were opened for the Capital Improvements at the Fire Hall. Only one bid was received and came in much higher than the budget estimates. City staff recommends rejecting the bid and re-bid the Fire Hall improvements with a modified scope of work, along with the Capital Improvements for City Hall to be completed in the summer of 2019.

Staff Recommendation:

Staff recommends rejecting the bid for Fire Hall Capital Improvements and re-bidding with a modified scope of work, along with the Capital Improvements at City Hall.

Requested City Council Action

Make a motion rejecting the bid for Fire Hall Capital Improvements and re-bidding with a modified scope of work, along with the Capital Improvements at City Hall.



September 18, 2018

Nathan Morlan, Facilities Maintenance Manager
City of Grand Rapids
420 North Pokegama Avenue
Grand Rapids, MN 55744

RE: Bid Rejection Letter
Grand Rapids 2018 Capital Maintenance Improvements
Fire Hall
Grand Rapids, Minnesota
DSGW Project # 18079

Dear Mr. Morlan:

Bids were received at the City of Grand Rapids on Thursday, September 6, 2018. A total of one bid was received.

After reviewing with the project team and leadership it has been decided to reject the single bid received, and to rebid the Fire Hall scope of work with the City Hall project in late Fall 2018. This work would start in the Spring of 2019.

If you have any questions, do not hesitate to contact our office.

Sincerely,

DSGW Architects, Inc.

Erik C. Wedge, AIA, LEED AP, NCARB
Principal, Architect

ECW:jl

BID TABULATION

Grand Rapids 2018 Capital Maintenance Improvements – Fire Hall Grand Rapids, MN



BID DATE/TIME: 9/6/18 @ 2:00 PM
BID LOCATION: Office of the City Administrator, Grand Rapids City Hall
420 North Pokegama Avenue, Grand Rapids, MN 55744

DSGW Project 018079.00

BIDDER	BID BOND Y/N	ADD 1 & 2 Y/N	BASE BID	NOTES
Hawk Construction Grand Rapids, Minnesota	Y	Y	\$497,160.00	



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0610 **Version:** 1 **Name:** Operating Transfer-Gen Fnd to SWU #33,000
Type: Agenda Item **Status:** Consent Agenda
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider approving a resolution authorizing an operating transfer from the General Fund to the Enterprise Fund-Storm Water Utility Fund in the amount of \$33,000.

Sponsors:

Indexes:

Code sections:

Attachments: [\\$33,000 operating transfer from GF to 655-SnoGO](#)

Date	Ver.	Action By	Action	Result
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Consider approving a resolution authorizing an operating transfer from the General Fund to the Enterprise Fund-Storm Water Utility Fund in the amount of \$33,000.

Background Information:

At the January 22, 2018 City Council Meeting, the City Council approved Public Works to purchase the Tymco 500X Sweeper, from Tymco, Inc.'s Dealer, Environmental Equipment & Services, Inc through the Storm Water Utility Fund. This purchase also included financing \$61,468.35 through their Municipal Lease/Purchase Program for one year. At that time, we entered into an agreement with MacQueen Equipment Inc., to sell the 2013 SnoGo snowblower on consignment. It was the City's intention to use the proceeds from the sale of the snowblower to help assist with the final lease payment on the Tymco sweeper.

At the August 13, 2018 City Council Meeting, the City Council approved a motion to accept an offer of \$33,000 for the 2013 SnoGo snowblower. The sale proceeds were placed in the General Fund because that is where the 2013 SnoGo snowblower was recorded as a general fund capital asset.

Staff Recommendation:

Staff recommends approving a resolution authorizing an operating transfer from the General Fund to the Enterprise Fund-Storm Water Utility Fund in the amount of \$33,000.

Requested City Council Action

Make a motion approving a resolution authorizing an operating transfer from the General Fund to the Enterprise Fund-Storm Water Utility Fund in the amount of \$33,000.

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 18-

A RESOLUTION AUTHORIZING AN OPERATING TRANSFER FROM THE GENERAL FUND TO THE ENTERPRISE FUND-STORM WATER UTILITY FUND IN THE AMOUNT OF \$33,000

WHEREAS, at the January 22, 2018 Council meeting, the Council approved Public Works to purchase the Tymco 500X Sweeper through the Storm Water Utility Fund, and

WHEREAS, the purchase included financing \$61,468.35 through Municipal Lease/Purchase Program for one year, and

WHEREAS, at the August 13, 2018 City Council Meeting, the City Council approved a motion to accept an offer of \$33,000 for the 2013 SnoGo snowblower and it was the City's intention to use the proceeds from the sale of the 2013 SnoGo Snowblower to assist with the lease/purchase payment, and

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Grand Rapids, Itasca County, Minnesota, authorizes an operating transfer from the General Fund to the Enterprise Fund-Storm Water Utility Fund in the amount of \$33,000.

Adopted this 24th day of September 2018.

Dale Adams, Mayor

Attest:

Kim Johnson-Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0611 **Version:** 1 **Name:**
Type: Agenda Item **Status:** Consent Agenda
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider voiding lost Accounts Payable check #128589, issue a new check, and waiving bond requirements for check issued to Janell Hecimovich, in the amount of \$46.00.
Sponsors:
Indexes:
Code sections:
Attachments: [J Hecimovich Affidavit.pdf](#)

Date	Ver.	Action By	Action	Result
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Consider voiding lost Accounts Payable check #128589, issue a new check, and waiving bond requirements for check issued to Janell Hecimovich, in the amount of \$46.00.

Background Information:

Account payable check #128589 issued to Janell Hecimovich on October 3, 2016 is lost. Janell Hecimovich has completed an Affidavit of Lost Check.

Requested City Council Action

Make a motion to void lost Accounts Payable check #128589, issue a new check, and waiving bond requirements for check issued to Janell Hecimovich, in the amount of \$46.00.

AFFIDAVIT

STATE OF) Minnesota

) SS

COUNTY OF) Itasca

JANELL HECIMOVICH, being first duly sworn on oath, states that he/she resides at **113 6TH AVE, BOVEY, MN, 55709** and that he/she is the payee named in a check number **128589**, issued to **JANELL HECIMOVICH**, drawn by **CITY OF GRAND RAPIDS** dated **10/03/2016**, for the sum of **\$46.00**; that to my knowledge this check was never endorsed by me, that I did not authorize anyone to endorse it for me, and that the circumstances of the loss or destruction of the check are as follows:

LOST

I am making this Affidavit in conjunction with my request that the **CITY OF GRAND RAPIDS** issue a duplicate check. I understand that I make this Affidavit under oath and that I may be subject to criminal penalty if my statements in this Affidavit are false.

SIGNED *Janel Hecimovich*

Subscribed and sworn to before me

This 19 day of September, 2018

Cindy L Phillips
Notary Public





CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0612 **Version:** 1 **Name:** Hire PT-Hyduke, Ruby
Type: Agenda Item **Status:** Consent Agenda
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider approving the hiring of a regular part-time employee at the Grand Rapids Park and Recreation Department and the IRA Civic Center.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Consider approving the hiring of a regular part-time employee at the Grand Rapids Park and Recreation Department and the IRA Civic Center.

Background Information:

Ruby Hyduke will be hired with the Grand Rapids Park and Recreation Department and the IRA Civic Center as a regular part-time concession employee starting at \$9.65 per hour and this will be part of the annual operating budget. Her employment will begin on September 25, 2018 and completed on December 31, 2018.

Staff Recommendation:

City staff is recommending the approval of hiring of a regular part-time employee with the Grand Rapids Park and Recreation Department and the IRA Civic Center.

Requested City Council Action

Make a motion approving the hiring of a regular part-time employee with the Grand Rapids Park and Recreation Department and the IRA Civic Center.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0613 **Version:** 1 **Name:** Adv.-American Bank of the North
Type: Agenda Item **Status:** Consent Agenda
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider entering into an agreement with an area business for advertising at the IRA Civic Center.
Sponsors:
Indexes:
Code sections:
Attachments: [American Bank-prtly signed](#)

Date	Ver.	Action By	Action	Result
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Consider entering into an agreement with an area business for advertising at the IRA Civic Center.

Background Information:

In 1993, the City Council approved the Civic Center advertising policy to generate revenue to offset operating costs. As part of this policy, agreements are renewed at the end of each term. The following is a new agreement:

American Bank of the North-January 1, 2019-December 31, 2020 for a wall sign-\$800 for 2019 and \$800 for 2020.

Staff Recommendation:

City staff is recommending approval of entering into an agreement with an area business for advertising at the IRA Civic Center.

Requested City Council Action

Make a motion to approve entering into an agreement with an area businesses for advertising at the IRA Civic Center.

AGREEMENT FOR RENTAL OF WALL LIGHTED SIGN

WHEREAS, the City of Grand Rapids, acting through the IRA Civic Center, Lessor, owns a multi-purpose facility known as the Civic Center; and

WHEREAS, it will be beneficial to certain business to acquire the privilege of using the advertising signs contained on the interior walls and/or dasherboard in the IRA Civic Center for a certain period of years; and

WHEREAS, the Lessor desires to lease the available advertising sign to certain Lessees.

NOW, THEREFORE, IT IS HEREBY AGREED by the IRA Civic Center only, Lessor, and American Bank, Lessee, that the Lessee shall lease for a period of 2 (two) years according to the terms set forth herein and upon the following terms and conditions:

1. Signs will be placed on the interior walls and/or dasherboard of the IRA Civic Center only, and Lessor shall have the final decision as to exact location of each sign. The choice of each sign and location shall be on a "FIRST COME, FIRST SERVED" basis. Lessor reserves the right to take into consideration actual placement of signs to insure maximum utilization of all advertising areas on the interior walls and/or dasherboard of the IRA Civic Center.
2. The Lessee shall pay to the Lessor in consideration of the sign and/or dasherboard, the sum of \$267.00 in cash to the Lessor at the commencement of the rental term as set forth below.
3. The Lease term for the advertising space shall be as follows: January 1, 2019 to December 31, 2020. This contract will be automatically be renewed by the Lessor and Lessee yearly unless the Lessee provides written notice to the Lessor of their intent not to renew said lease. This written notice must be provided no later than December 1 of the year prior to the Lessee's cancellation. For example, if the lease has been automatically renewed for a third year, which would end December 31, 2020, the Lessee must notify the Lessor in writing no later than December 1, 2020 for cancellation effective December 31, 2020.
4. Lessee shall have the first right to rent the advertising signs to Lessee for successive years. Although the signed contract is due within 30 days, lessee will be invoiced and payment in full is due October 15, 2018. The Lessor reserves the right to sell sign space if the payment is not received by October 15, 2018.
5. The Advertising logo and design to be used on the signs shall be provided by the Lessee and subject to approval by the Lessor. The Lessor will not unreasonably withhold its approval of any design submitted by Lessee, however, Lessor reserves the right to set standards for the substance and appearance of any advertising to be placed in the IRA Civic Center pursuant to this Agreement.
6. The expense of setup and art work of the sign shall be borne by the Lessee.

7. This agreement shall not be changed unless done so in writing by the Lessee.
8. The Lessee's advertising space cannot be sublet or resold.
9. All signs and materials are the property of the Lessor.
10. All maintenance of the signs will be the responsibility of the IRA Civic Center.
11. Lease rates and terms are \$800.00 per year for 2019 and 2020 for a dasherboard advertisement. Lessee will pay \$267.00 for the remainder of 2018.

BY: Wade Seaman
Lessee

DATE: 9/13/18

CITY OF GRAND RAPIDS (Lessor)

BY: _____
Mayor

DATE: _____

Tom Pagel, City Administrator

Dated this _____ day of _____, 20__.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0616 **Version:** 1 **Name:** Election Judges
Type: Agenda Item **Status:** Consent Agenda
File created: 9/20/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider appointment of election judges.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Consider appointment of election judges.

Background Information:

Election judges are required to be at their assigned polling places by 6:00 AM, with polls open from 8:00 AM - 8:00 PM, making for extremely long days. We have learned that having an extra judge, sometimes for only part of the day, provides the opportunity for judges to rotate breaks and meal times without impacting service to voters. The City of Grand Rapids precincts had a high turn out and we were able to find individuals willing to train and serve on short notice. The following is a list of judges we are requesting approval for service at the primary and general elections for 2018.

Brittney Bluhm
Betty Fremont
Jennifer Hamman
Crystal Lyman
Andrea Sanborn

Staff Recommendation:

Approve appointment.

Requested City Council Action

Make a motion to appoint Brittney Bluhm, Betty Fremont, Jennifer Hamman, Crystal Lyman and Andrea Sanborn as election judges for 2018 primary and general elections.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0615 **Version:** 1 **Name:** Board & Commission Minutes
Type: Minutes **Status:** Approved
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Board & Commission Minutes
Sponsors:
Indexes:
Code sections:
Attachments: [August 15, 2018 PUC minutes.pdf](#)
[August 28, 2018 PUC minutes.pdf](#)
[August 21, 2018 Golf Board minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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Board & Commission Minutes



CITY OF GRAND RAPIDS

Minutes - Final - Final Public Utilities Commission

Wednesday, August 15, 2018

4:00 PM

Conference Room of Public Utilities Service Center

1 CALL TO ORDER

A Regular Meeting of the Grand Rapids Public Utilities Commission was held on Wednesday, August 15, 2018 at 4:00 PM in the Conference Room 112 of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

2 CALL OF ROLL

Present 4 - Secretary Greg Chandler, Commissioner Tom Stanley, Commissioner Rick Blake, and Commissioner Kathy Kooda

Absent 1 - President Glen Hodgson

Others Present: General Manager Kennedy, Finance Manager Betts, Electric Department Manager Goodell, Wastewater Treatment Department Manager Mattson, Administrative/ HR Assistant Flannigan, Attorney Bengtson.

3 APPROVAL OF MINUTES

- 3.a. 18-0497 Consider approving the minutes of the July 11, 2018 regular meeting, and the July 24, 2018 special meeting.

A motion was made by Commissioner Tom Stanley, seconded by Commissioner Rick Blake, to approve the minutes of the July 11, 2018 regular meeting, and the July 24, 2018 special meeting. The motion PASSED by unanimous vote.

4 CITY TREASURER'S REPORT AND INVESTMENT ACTIVITY REPORT

- 4.a. 18-0525 Consider approving the City Treasurer's Report and Investment Activity Report for July 2018.

Finance Manager Betts reviewed the City Treasurer's Report and Investment Activity Report for July with the Commission.

A motion was made by Commissioner Rick Blake, seconded by Commissioner Kathy Kooda, to approve the City Treasurer's Report and Investment Activity Report for July 2018. The motion PASSED by unanimous vote.

5 PUBLIC FORUM

None present.

6 COMMISSION REPORTS

No items.

7 ADMINISTRATION

- 7.a. 18-0502 Consider a motion to approve the MMUA delegation form.

A motion was made by Commissioner Kathy Kooda, seconded by Commissioner Tom Stanley, to designate Julie Kennedy as the duly authorized delegated representative to cast votes on all matters to come before the membership of the Minnesota Municipal Utilities Association. This appointment shall be valid until such time as it may be, from time to time, amended by this body. The following are designated as alternates to the designated representative: 1. Tyanne Betts 2. Jeremy Goodell 3. Steve Mattson. The motion PASSED by unanimous vote.

- 7.b. 18-0505 Consider a motion to authorize the sale and/or disposal of surplus property.

A motion was made by Commissioner Rick Blake, seconded by Commissioner Tom Stanley, to authorize the sale and/or disposal of surplus property in accordance with MN Statutes and Rules, through means of public auction and/or the DNR Surplus Auction on August 25, 2018. The motion PASSED by unanimous vote.

- 7.c. 18-0510 Consider a motion to approve the sale of stockpile material and authorize the Secretary to sign the License Agreement.

A motion was made by Commissioner Tom Stanley, seconded by Commissioner Kathy Kooda, to approve the sale of approximately 7,000 cubic yards of stockpiled granular material located at the Wastewater Treatment Facility for the highest quote from Hammerlund Construction in the amount of \$1.50/CY of material, and authorize the Secretary to sign the license agreement. The motion PASSED by unanimous vote.

- 7.d. 18-0504 Consider a motion to approve the First Amendment to Lease Communications Facility and Limited Use of Water Tower with Verizon Wireless for the Mid Water Tower.

A motion was made by Commissioner Rick Blake, seconded by Commissioner Tom Stanley, to approve the First Amendment to Lease Communications Facility and Limited Use of Water Tower with Verizon Wireless for the Mid Water Tower, as previously reviewed in 2015. The motion PASSED by unanimous vote.

- 7.e. 18-0501 Consider a motion to confirm filling the vacancy of the Electrical Maintenance position with the selection committee's preferred candidate, Mr. Doug Trbojevich contingent upon satisfactory results of the pre-employment health screening.

A motion was made by Commissioner Kathy Kooda, seconded by Commissioner Tom Stanley, to confirm filling the vacancy of the Electrical Maintenance position with the selection committee's preferred candidate, Mr. Doug Trbojevich. The motion PASSED by unanimous vote.

- 7.f. 18-0503 Review the Administrative Report.

General Manager Kennedy reviewed the July Administrative updates with the Commission, including the July Wholesale Electric Service Cost.

Received and Filed

8 ACCOUNTING AND FINANCE

- 8.a. 18-0526 Review the Accounting and Finance Operations Report for July.

Finance Manager Betts reviewed the Accounting and Finance Operations Report for July with the Commission.

Received and Filed

9 ELECTRIC DEPARTMENT

- 9.a. 18-0528 Review the Electric Department Operations Report for July 2018.

Electric Department Manager Goodell reviewed the Electric Department Operations Report for July with the Commission.

Received and Filed

10 WASTEWATER TREATMENT FACILITY OPERATIONS

- 10.a. 18-0516 Review the Wastewater Treatment Facility Operations Report for July.

Wastewater Treatment Department Manager Mattson reviewed the Wastewater Treatment Facility Operations Report for July with the Commission.

Received and Filed

11 WATER AND WASTEWATER COLLECTION

- 11.a. 18-0506 Review the Water and Wastewater Collection Operations Report for July.

Wastewater Treatment Department Manager Mattson reviewed the Water/Wastewater Collection Operations Report for July with the Commission

Received and Filed

12 DISCUSSION AND CORRESPONDENCE

No items.

13 VERIFIED CLAIMS

- 13.a. 18-0496 Consider approving verified claims for July.
Computer Check Register \$1,204,079.82
Manual Check Register \$ 490,075.95

A motion was made by Commissioner Tom Stanley, seconded by Commissioner Kathy Kooda, to approve verified claims for July in the amount of \$1,694,155.77 (Computer Check Register \$1,204,079.82 and Manual Check Register \$490,075.95) The motion PASSED by unanimous vote.

14 ADJOURNMENT

A special meeting/work session is scheduled for Tuesday, August 28, 2018 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next regular Commission meeting is Wednesday, September 12, 2018 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

A motion was made by Commissioner Tom Stanley, seconded by Commissioner Kathy Kooda, to adjourn at 4:37 PM. The motion PASSED by unanimous vote.

Respectfully submitted: Christine Flannigan, Administrative/HR Assistant.

**PUBLIC UTILITIES COMMISSION
ACCOUNTS PAYABLE
JULY 2018**

NAME	AMOUNT	NAME	AMOUNT
APG Media	341.00	Mars Supply	130.57
Acheson Tire	820.00	Steve Mattson	74.12
Advantage Systems Group	662.50	Med Compass	450.00
Altec Industries	530.00	MESERB	2,736.15
AmeriPride Services	164.24	Mielke Electric Works	2,120.25
Arrow Embroidery	335.00	Minnesota Lawn & Snow	2,378.75
Aspire Heating & Control	2,771.00	Minnesota Municipal Utilities	770.00
Mike Bader	105.00	Minnesota Power	806,044.04
Baker Tilly Virchow Krause	5,776.00	The Motor Shop	22.44
Bell Lumber & Pole Co	14,325.00	NOS Automation	980.00
Blue Cross Blue Shield of Minn	38.13	NTS	9,517.25
Braun Intertec Corp	48,481.70	Nextera	591.54
Brookstone Manor	48.90	North Central Laboratories	126.62
Bubbles & Bows Inc	1,421.28	Northen Business Products	874.03
Burgraffs Ace Hardware	136.05	Northen Drug Screening	180.00
Busy Bees Quality Cleaning	2,066.02	OSI Environmental	100.00
C H Robinson Worldwide	499.42	Dennis O'Toole	1,000.00
Call Net	995.00	Pace Analytical	616.00
Cannon Technologies	45,780.36	Personnel Dynamics LLC	6,494.48
Carquest	152.71	Pitney-Bowes	366.11
Casey's	65.78	Public Utilities Commission	2,302.36
Casper Construction	468.50	R & K Hillman	222.00
Chemsearch	170.85	RMB Environmental Labs	443.00
Citi Lites	6,869.50	John Radtke (Radtke Trucking)	8,351.64
City of Grand Rapids	6,692.53	Rapid Pest Control	101.75
Cole Hardware	666.79	Rob's Bobcat Service Inc	7,928.76
Compass Minerals	5,645.55	Sandstroms	653.34
Core & Main	32,544.54	Solenis	23,507.89
Dakota Supply	758.36	Stuart Irby	27,069.27
Daniel Schmidt Lighting	1,146.11	Team Marinucci	44.00
Davis Oil	4,396.35	Telcologix LLC	173.75
Energy Insight	3,376.04	James Thelen	105.00
Fastenal Company	93.50	Venture Electric	160.00
Ferguson Enterprises Inc	388.01	Viking Electric Supply	350.22
Figgins Truck & Trailer	2,375.42	Viking Industrial Center	273.99
Jeff Frost	709.88	Waste Management	408.57
Further	75.94	Wells Fargo	5,324.14
Gopher State One Call	414.45	Wesco	4,056.00
Grainger	1,257.34	Wells Fargo Corporate Trust	400.00
Graybar	506.27	Xerox Corporation	344.83
H R Direct	253.26		
Hach Company	152.26		
Hammerlund Construction, Inc	41,172.22	TOTAL	1,204,079.82
Hawkins Inc	18,231.34		
Hawkinson Sand & Gravel	305.90		
HotsyMinnesota.com	11,748.36		
Industrial Lubricant	90.15		
Itasca Utilities	8,287.90		
KOZY	1,102.50		
Kaman	106.89		
Keller Fence Company	95.00		
L & M Supply	509.05		
Lano O'Toole & Bengston Ltd	720.00		
League of Minn Cities Ins	7,388.00		
McMaster-Carr	2,053.11		

JULY 2018 MANUAL CHECK REGISTER

Date	Check #	Vendor Name	Amount
7/3/2018	3688	Minnesota Dept. of Revenue	99.91
7/3/2018	3689	Wells Fargo Bank	596.29
7/6/2018	3690	Public Employees Retirement Association	13,136.36
7/6/2018	3691	Minnesota Dept. of Revenue	4,042.13
7/6/2018	3692	Wells Fargo Bank	22,024.17
7/6/2018	3693	Empower Retirement	7,714.72
7/2/2018	3694	Delta Dental of Minnesota	3,583.00
7/6/2018	3695	Further	217.39
7/2/2018	3696	Further	140.00
7/5/2018	3697	Further	1,748.74
7/19/2018	3698	Minnesota Department of Revenue	116.00
7/31/2018	3699	Blue Cross Blue Shield	133,863.00
7/23/2018	3700	Public Employees Retirement Association	14,168.78
7/23/2018	3701	Minnesota Dept. of Revenue	4,413.82
7/23/2018	3702	Wells Fargo Bank	24,307.82
7/23/2018	3703	Empower Retirement	9,289.30
7/23/2018	3704	Further	1,748.74
7/24/2018	3705	Further	217.39
7/2/2018	3706	Invoice Cloud	1,971.25
7/5/2018	3707	Blue Cross Blue Shield	52,175.85
7/3/2018	73390	Customer Refunds- Bradon Waisanen	92.30
7/5/2018	73391	Customer Refunds- Taylor Mattison	26.83
7/5/2018	73392	Customer Refunds- Select Portfolio Service	80.06
7/6/2018	73393	MN Child Support Payment Center	787.71
7/6/2018	73394	Minnesota Benefit Association	71.52
7/6/2018	73395	NCPERS Minnesota	128.00
7/9/2018	73396	U.S. Post Office	648.31
7/10/2018	73397	Customer Refunds- Christina Capps	167.38
7/12/2018	73398	Minnesota WOA	1,450.00
7/13/2018	73399	AT & T Mobility	455.22
7/13/2018	73400	Further	75.94
7/13/2018	73401	United Parcel Service	81.07
7/13/2018	73402	Wells Fargo Business Card	892.50
7/16/2018	73481	Customer Refunds- David Johnson	249.56
7/16/2018	73482	Customer Refunds- Mary Woodlock	104.35
7/16/2018	73483	Customer Refunds- Chelsie Carroll	43.92
7/16/2018	73484	Customer Refunds- Mn Dept of Commerce (M Stram)	102.46
7/19/2018	73485	U.S. Post Office	754.95
7/18/2018	73486	RCB Collections, Inc	462.78
7/19/2018	73487	Flannigan, Chris	60.28
7/19/2018	73488	UNUM Life Insurance Co of America	1,524.96
7/19/2018	73489	Verizon Wireless	379.39
7/19/2018	73490	US Bank, N.A.	35,131.25
7/23/2018	73491	Wells Fargo Bank	5,000.00
7/23/2018	73492	MN Child Support Payment Center	787.71
7/23/2018	73493	Minnesota Council 65	1,653.00
7/24/2018	73494	Customer Refunds- Jamie Wurtz	99.48
7/25/2018	73535	Goodell, Jeremy	227.11
7/25/2018	73536	Grand Rapids Area Community Foundation	544.92
7/25/2018	73537	Minnesota Energy Resources Corp.	57.61
7/25/2018	73538	Verizon Wireless	378.28
7/26/2018	73539	U.S. Post Office	682.61
7/25/2018	73540	City of LaPrairie	12,289.10
7/26/2018	73541	Bureau of Criminal Apprehension	15.00

JULY 2018 MANUAL CHECK REGISTER

7/26/2018	73542	Bureau of Criminal Apprehension	15.00
7/26/2018	73543	Bureau of Criminal Apprehension	15.00
7/30/2018	73544	Customer Refunds- Tammy Danielson	54.66
7/30/2018	73545	Customer Refunds- Fannie Mae	62.92
7/30/2018	73546	Customer Refunds- David Medicine	69.87
7/30/2018	73547	City of Grand Rapids	55,411.45
7/31/2018	73548	City of Grand Rapids	72,333.33
7/31/2018	73549	City of Grand Rapids	1,033.50
		Checks Previously Approved	<u>0.00</u>
		Manual Checks to be approved	<u>490,075.95</u>
		TOTAL MANUAL CHECKS	<u>490,075.95</u>



CITY OF GRAND RAPIDS

Minutes - Final - Final Public Utilities Commission

Tuesday, August 28, 2018

8:00 AM

Conference Room of Public Utilities Service Center

CALL TO ORDER

A special meeting/work session of the Grand Rapids Public Utilities Commission was held on Tuesday, August 28, 2018 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

CALL OF ROLL

Present 5 - President Glen Hodgson, Secretary Greg Chandler, Commissioner Tom Stanley, Commissioner Rick Blake, and Commissioner Kathy Kooda

18-0559

Acknowledge the proper posting of the special meeting date, time, and purpose.

President Glen Hodgson acknowledged the proper posting of the special meeting/work session date, time and purpose.

Received and Filed

ADMINISTRATION

18-0562

Proposed AMI water meter residential schedule.

General Manager Kennedy reviewed the proposed AMI Residential Water Meter Installation Schedule with the Commission. GRPU staff are approximately 99% complete with the Commercial meter/node installations. Bids were requested in May for contracting out the installation of the remaining 2,200 Residential Meters, but were in excess of \$300,000. The project was estimated at \$250,000. After discussion with GRPU staff, management agreed to conduct a 4-week pilot project (August 27 – September 21) for in-house installations of the residential meters.

Received and Filed

18-0561

Organizational review.

General Manager Kennedy reviewed the current GRPU organizational structure. Discussion was held on a proposed Information Systems position. Discussion was also held on the areas of Safety Administration, Customer Communications and Succession Planning.

Received and Filed

VERIFIED CLAIMS

18-0560

Consider approving the Mid-month Accounts Payable list for \$34,145.98.

A motion was made by Commissioner Tom Stanley, seconded by Commissioner Rick Blake, to approve the Mid-month Accounts Payable list for \$34,145.98. The motion PASSED by unanimous vote.

ADJOURNMENT

A special meeting/work session is scheduled for Wednesday, September 12, 2018 at 3:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next regular Commission meeting is Wednesday, September 12, 2018 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

A special meeting/work session is scheduled for Tuesday, September 25, 2018 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

By call of the chair, the special meeting/work session was declared adjourned at 9:30 AM.

Respectfully submitted: Christine Flannigan, Administrative/HR Assistant.

**PUBLIC UTILITIES COMMISSION
ACCOUNTS PAYABLE
JULY 2018 #2 (Worksession)**

NAME	AMOUNT	NAME	AMOUNT
Jill K Cliburn (Cliburn & Assoc)	9,960.00		
Johnson, Killen, Seiler, PA	531.30		
Mn Dept of Labor & Industry	40.00		
Northwest Gas	37.93		
Pokegama Electric Inc	2,179.90		
Rapids Welding Supply	35.64		
Solenis LLC	18,280.60		
Verizon Wireless	1,510.44		
Waste Management	1,507.03		
Wisconsin Energy Conservation	63.14		
TOTAL	<hr/> 34,145.98		

GRAND RAPIDS GOLF COURSE BOARD
 REGULAR MONTHLY MEETING
 August 21, 2018
 7:00 AM

Present: Larry O'Brien, Kelly Kirwin, Brad Gallop, Pat Pollard

Absent: Todd Roth

Staff: Bob Cahill Director of Golf
 Steve Ross Grounds Superintendent

- I. Pat Pollard called the meeting to order.
- II. Brad Gallop made a motion to accept the minutes of the July 17, 2018 Board meeting. Kelly Kirwin seconded the motion. The motion passed.
- III. Consideration of monthly bills: Kelly Kirwin made a motion to approve the bill list. Brad Gallop seconded the motion. The motion passed.

ABBY OX	600.00
AMERIPRIDE SERVICES INC	79.39
ARROWHEAD TRANSIT	500.00
BLOOMERS GARDEN CENTER	89.83
BUNES SEPTIC SERVICE INC	1,783.00
BURGGRAF'S ACE HARDWARE	443.97
CENTRAL LANDSCAPE SUPPLY INC	395.97
CITY OF COHASSET	80.16
COLE HARDWARE INC	84.43
DAVIS OIL INC	2,155.26
EAGLE RIDGE GOLF COURSE	1,215.20
FIDELDY BROS. WELL DRILLING	1,845.64
GARTNER REFRIGERATION CO	558.97
CITY OF GRAND RAPIDS	1,584.00
GRAND RAPIDS CITY PAYROLL	27,359.58
GRAND RAPIDS GREENHOUSE	9.29
GROOMS YARD SERVICES	400.00
L&M SUPPLY	106.65
MN DEPT OF LABOR & INDUSTRY	20.00
MINNESOTA REVENUE	5,426.99
MINNESOTA TORO	3,135.82
MINNESOTA UNEMPLOYMENT COMP FD	3,336.00
NORTHERN LAKES WINDOW CLEANING	299.24
NORTHLAND PORTABLES	208.76
NORTHERN OFFICE OUTFITTER INC	374.01
OPERATING ENGINEERS LOCAL #49	1,402.00
P.U.C.	5,458.73
NORTHERN MN WATER COND DBA	159.83
RAPID GARAGE DOOR COMPANY INC	189.00
RAPIDS PLUMBING & HEATING INC	576.00
RAPID RENTAL INC	510.00
ROSS GOLF COURSE	4,334.58
SERVPRO	2,438.98
SIM SUPPLY INC	382.63
STOKES PRINTING & OFFICE	707.34
TDS Metrocom	185.65
THE TESSMAN COMPANY	672.69
TRU NORTH ELECTRIC LLC	568.69
VERIZON WIRELESS	63.62

WASTE MANAGEMENT OF MN INC

274.39

TOTAL ALL VENDORS:

70,016.29

IV. Visitors: Abby Ox from Abby Ox Marketing

V. Grounds Superintendent: Steve Ross reported. Work continues on #14 green. The green has been taken out of service, which has allowed the green to heal better. An update was provided on the irrigation system that was damaged by the lightning strike. Brad Gallop made a motion to obtain permission from the City Council to move ahead with expending the resources to fix the problem caused by the lightning strike. Kelly Kirwin seconded the motion. The motion passed.

VI. Concessions: No report

VII. Director of Golf: Bob Cahill reported. Plans for promoting the purchase of 2019 season passes and receiving free golf after September 1 were discussed as well as promoting late September golf at a reduced rate.

VIII. Old Business: None

IX. New Business: None

X. Correspondence and Open Discussion: None.

XI. Adjourn: Brad Gallop made a motion to adjourn the meeting. Kelly Kirwin seconded the motion. The motion passed.

Respectfully Submitted,

Larry O'Brien
Recording Secretary



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0620 **Version:** 1 **Name:** Community Development Department Head Report
Type: Department Head Report **Status:** Department Head Report
File created: 9/20/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Community Development Department Head Report
Sponsors:
Indexes:
Code sections:
Attachments: [Community Development September 2018 Dept. Head Report](#)

Date	Ver.	Action By	Action	Result
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Community Development Department Head Report

Background Information:

See Attached:

Requested City Council Action

Community Development Department Head Report

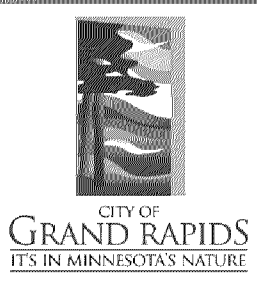


CITY OF
GRAND RAPIDS
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Community Development Department Report

September 24, 2018

Community Development Department



Building Safety Activity

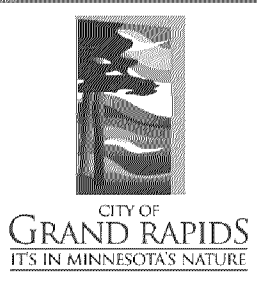
Building Permit Year End & August 31

Statistics

Building Permit Totals

2004-2018 Year End and August 31 YTD Statistics



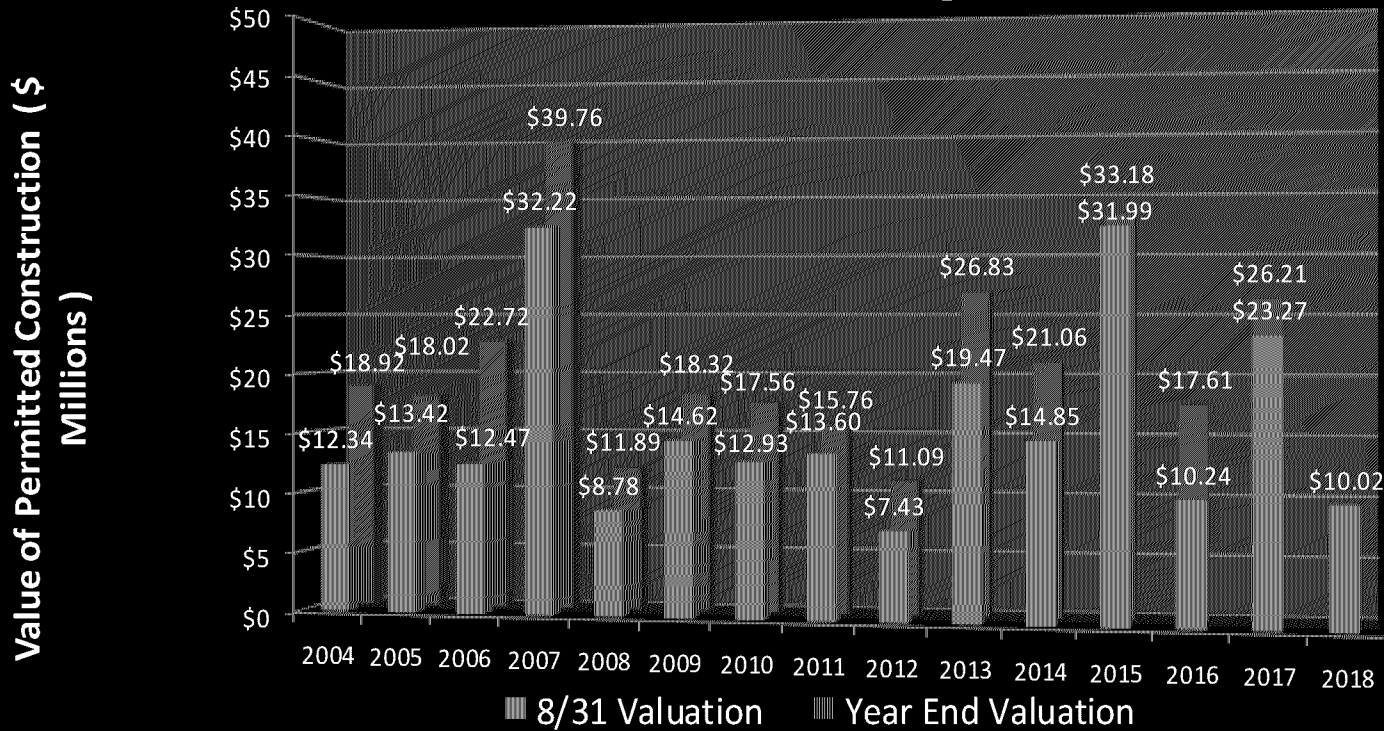


Building Safety Activity

Permit Valuation Year End & August 31

Statistics

Building Permit Valuation History
2004-2018 Year End and August 31 YTD Statistics



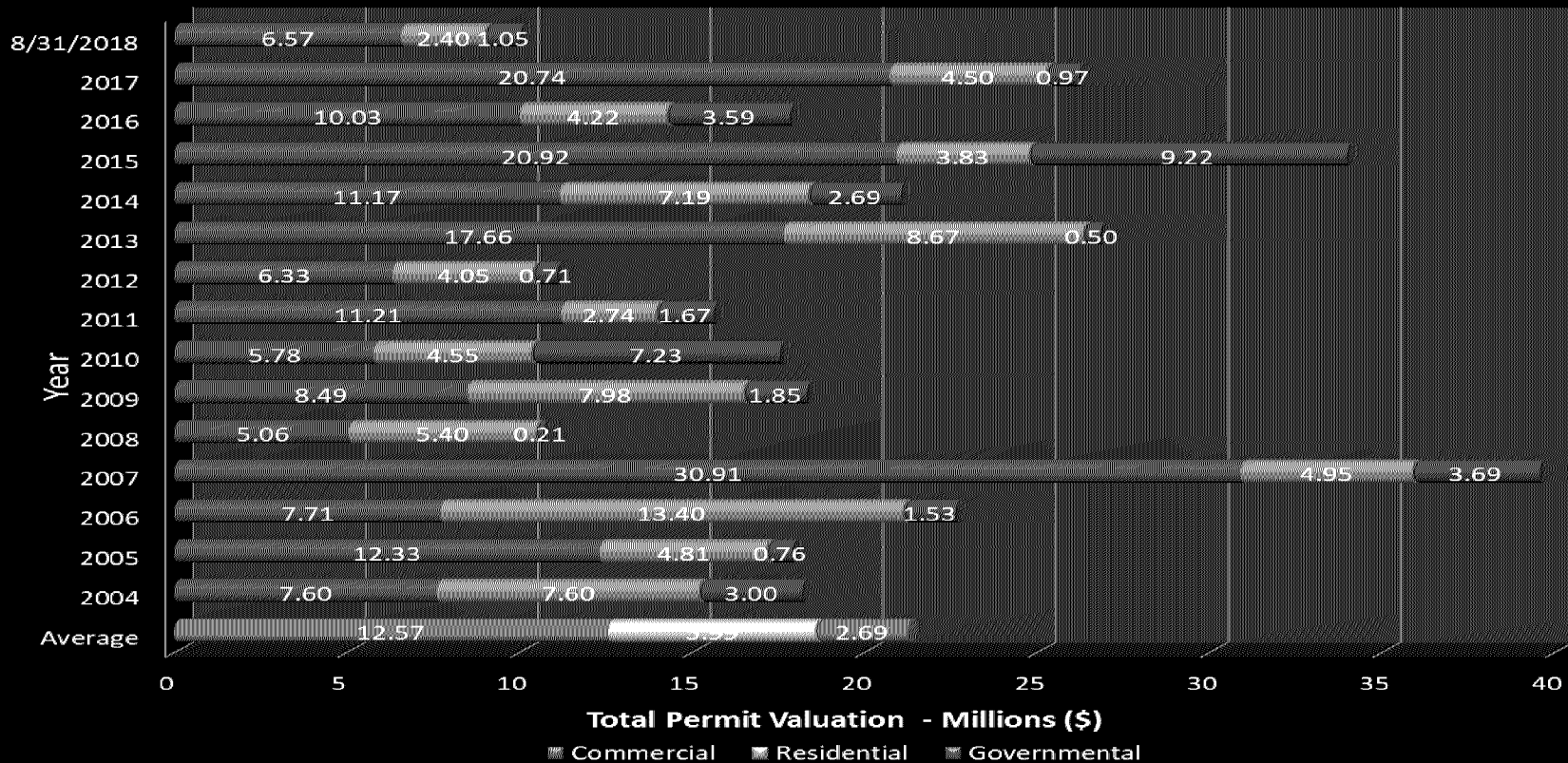
Community Development Department



Building Safety Activity

Year End & August 31 Statistics

Yearly Building Permit Valuation by Category



Previous charts do not account for 46 Zoning Permits for projects valued at \$177K

Community Development Department

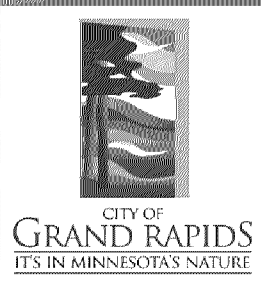


Building Safety Activity Permit Highlights

- ❖ **7 New Single Family as of 8/31 (4 site built – 3 manufactured)- \$925.5K**
 - (12 in 2016, 10 in 2017, year end average = 13.2)

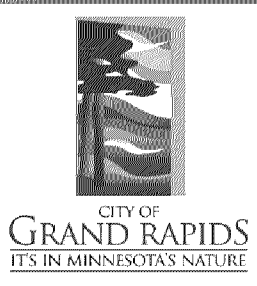
- ❖ **Major New Commercial**
 - **Dr. Ryan Mueller (GR Orthodontics) – Orthodontics Office (615 NE 4th St.) - \$559K**
 - **Affinity Plus Federal Credit Union – New Bank Facility (2120 SE 2nd Ave.) - \$2.3M**
 - **Grand Itasca Clinic & Hospital – storage building (1601 Golf Course Rd.) - \$230K**
 - **Jean McInerney (former Tic-Tac-Toe Bldg.) – New Comm./2-apartments (505 NW 3rd Ave.) - \$210K**
 - **GR/Itasca Co. Airport (Bostyancic) – Aircraft hangar (1500 SE 7th Ave.) - \$250K**

- ❖ **Commercial Remodels/Additions/Repairs**
 - **1000 Lakes Sports– remodel former Bridgeman's (331 NW 4th St.)- \$237K**
 - **Miners Inc./Super 1 Foods – Interior/Exterior remodel & repairs (2410 S. Pokegama Ave)- \$746.5K**
 - **Rowe Funeral Home – Exterior remodel (510 NW 1st Ave.) - \$139.5K**
 - **MNSCU – Roof repairs (Media Center @ ICC) - \$912K**
 - **Wal-Mart – grocery pick-up (100 SE 29th St.) - \$179K**



Building Safety Activity YTD Code Enforcement Activity

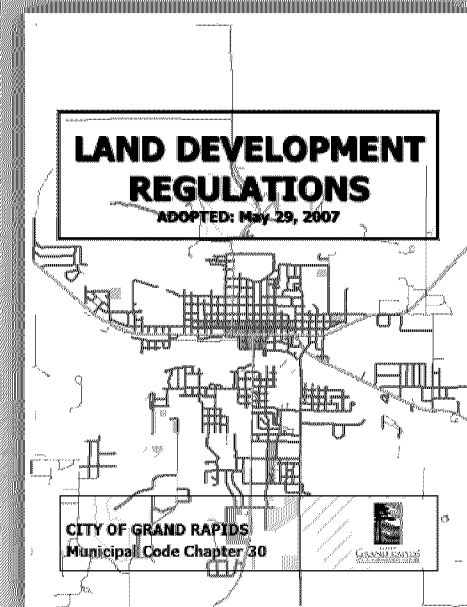
- ❖ **Addressed 1 Hazardous Building/Property Maintenance Code violation, and followed-up 5 violations from 2017.**
- ❖ **Performed 706 on-site Building Permit construction inspections (through 8/31).**
- ❖ **Completed 112 commercial plan reviews and 145 residential plan reviews.**
- ❖ **Building Safety Dept. 2018 Staff Changes:**
 - **Building Official – Nathan Morlan (as of June 1st)**
 - **Building/Fire Inspector – Tony Clifton (as of July 1st)**
- ❖ **Building code administration for the City of LaPrairie: Staff has issued 34 building permits, performed 20 plan reviews, 25 on-site inspections.**

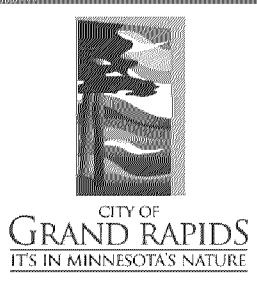


Planning/Zoning Activity

- ❖ **2018 Zoning Requests Addressed by the Planning Commission**
 - **1 Right-of-Way/Easement Vacations – 1 Conditional Use Permit – 1 Text Amendments to Zoning Ord. – 3 Variances – 1 Rezoning**

- ❖ **A work-group of the Planning Commission assisted staff in the development of City initiated Text Amendments pertaining to the addition of the hotel/motel use listed on the permitted use table, increasing the maximum building height in the General Business zoning district, amendments to required off-street parking (minimum numbers), and capping the maximum height for freestanding signs.**

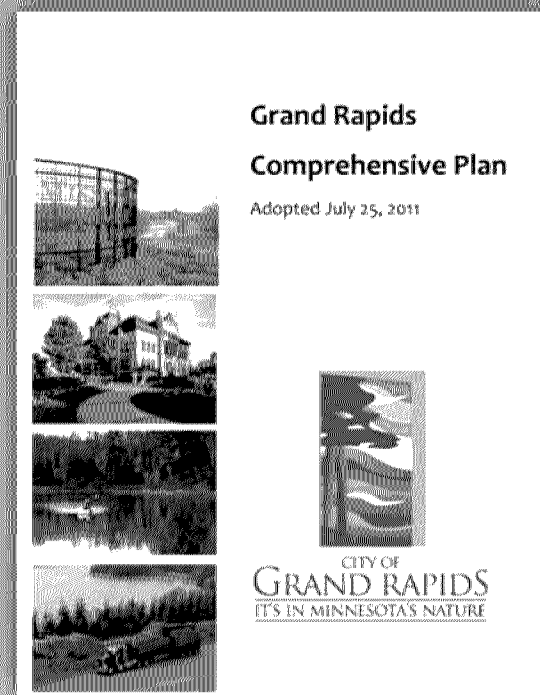


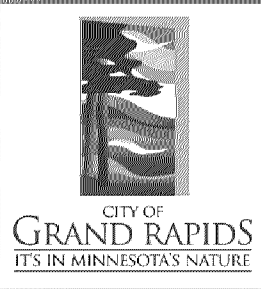


Planning/Zoning Activity

❖ **Comprehensive Plan Update Project:**

- **July 23rd – Approved issuance of Request for Proposals (RFP) seeking consultant services in the preparation of an updated Comprehensive Plan.**
- **August 31st – RFP response period closes. Seven proposals received from qualified firms.**
- **Staff and Planning Commission (2 members) workgroup review and rank proposals.**
- **October 8th – Consultant recommendation consideration and Steering Committee structure/make-up and authorization to advertise for volunteers.**

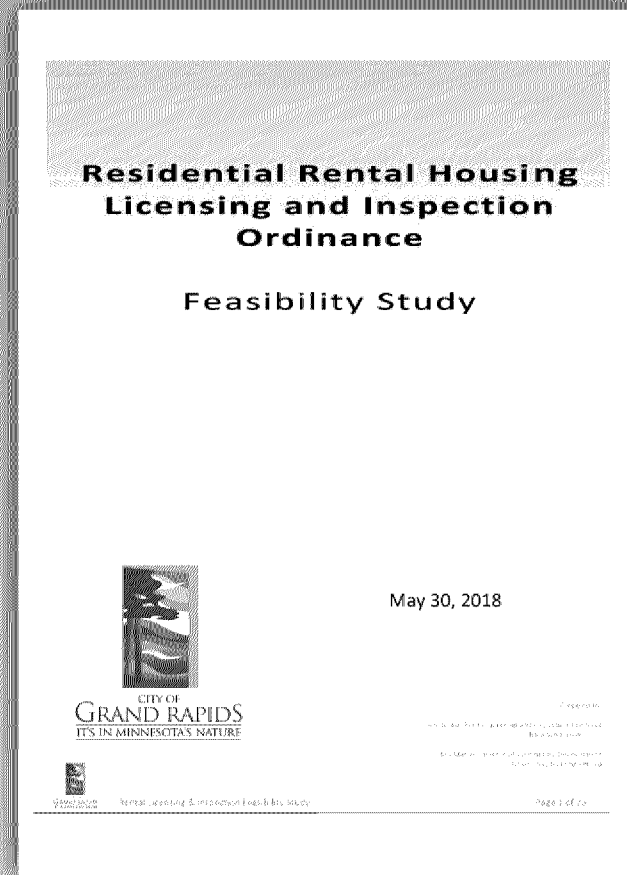


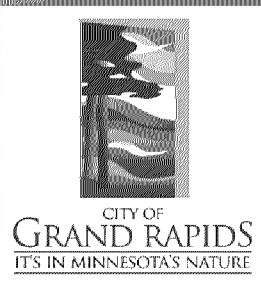


Project Activity

❖ Residential Rental Housing Licensing and Inspection Taskforce

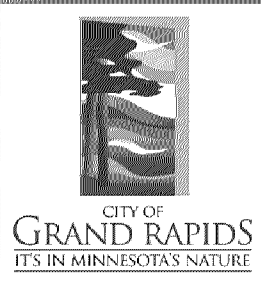
The Task Force appointed by the City Council to investigate and advise the Council on the feasibility of developing and enacting a residential rental licensing and inspection ordinance completed their work and presented their report and recommendation to the City Council in August.





Economic Development Activity

- ❖ **Sawmill Inn Redevelopment**
 - **Secured MN IRRR Commercial Rehabilitation grant**
 - **Review and Analysis of TIF Business Assistance Application**
- ❖ **Small Cities Development Program Commercial and Residential Rehabilitation Grant Projects (later presentation)**
- ❖ **Rapids Brewing Project**
 - **Secured a grant extension from MN IRRR for Commercial Rehabilitation grant**
- ❖ **ISD 318 Elementary Schools**
 - **Working with School District consultants and architects on site planning**
 - **Working with attorney in drafting purchase agreement, land exchange, development agreement documents.**
 - **Working with MN DNR on the parkland conversion process**



Community Development Dept. Staff

- ❖ **Aurimy Groom – Administrative Assistant/Permit Technician**
- ❖ **Eric Trast – Community Development Specialist**
- ❖ **Nathan Morlan – Building Official**
- ❖ **Jon Peterson – Building Inspector**
- ❖ **Tony Clifton – Building/Fire Inspector**



CITY OF
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Questions?

Community Development Department



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0596 **Version:** 1 **Name:** Award Sale Series 2018A GO Bonds
Type: Agenda Item **Status:** Finance
File created: 9/17/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider adopting a resolution awarding the sale of the \$1,960,000 General Obligation Street Reconstruction and Capital Improvement Bonds, Series 2018A.

Sponsors:

Indexes:

Code sections:

Attachments: [Grand Rapids GO 2018A Award Resolution - 537018v1](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution awarding the sale of the \$1,960,000 General Obligation Street Reconstruction and Capital Improvement Bonds, Series 2018A.

Background Information:

The bid opening for the sale of \$1,960,000 General Obligation Street Reconstruction and Capital Improvement Bonds will occur on Monday, September 24, 2018 in the office of Ehlers & Associates, Inc. in Roseville, MN.

Representatives of the City and Ehlers will review the results of the competitive bidding for the sale of the bonds. A recommendation will be brought to the City Council for their consideration at 5:00p.m.

Rebecca Kurtz, Vice President at Ehlers, will be at the City Council meeting to present the results of the bid opening.

Staff Recommendation:

Making a motion to adopt a resolution awarding the sale of \$1,960,000 General Obligation Street Reconstruction and Capital Improvement Bonds, Series 2018A, fixing their form and specifications, directing their execution and delivery and providing for their payment

Requested City Council Action

Make a motion to adopt a resolution awarding the sale of \$1,960,000 General Obligation Street Reconstruction and Capital Improvement Bonds, Series 2018A, fixing their form and specifications, directing their execution and delivery and providing for their payment.

Extract of Minutes of Meeting
of the City Council of the City of
Grand Rapids, Itasca County, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Grand Rapids, Minnesota, was duly held in the City Hall in said City on Monday, September 24, 2018, commencing at 5:00 P.M.

The following members were present:

and the following were absent:

* * *

* * *

* * *

The Mayor announced that the next order of business was consideration of the proposals which had been received for the purchase of the City's General Obligation Bonds, Series 2018A, to be issued in the aggregate principal amount of \$1,960,000.

The City Administrator presented a tabulation of the proposals that had been received in the manner specified in the Terms of Proposal for the Bonds. The proposals were as set forth in EXHIBIT A attached.

After due consideration of the proposals, Member _____ then introduced the following resolution, and moved its adoption:

RESOLUTION NO. _____

A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION BONDS, SERIES 2018A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,960,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED By the City Council of the City of Grand Rapids, Itasca County, Minnesota (the “City”) as follows:

Section 1. Sale of Bonds.

1.01. CIP Bonds.

(a) On August 13, 2018, following a duly noticed public hearing, the City adopted its 2018 through 2022 Five-Year Capital Improvement Plan for the City of Grand Rapids, Minnesota (the “CIP Plan”), in accordance with Minnesota Statutes, Section 475.521, as amended (the “CIP Act”) and authorized the sale of general obligation bonds in the proposed aggregate principal amount of \$950,000, in order to finance certain capital improvements identified in the CIP Plan, including but not limited to repairs and maintenance on the fire hall and the city hall of the City (the “Capital Improvements”), pursuant to the CIP Act. The City estimates that the amount of general obligation bonds that will be issued to finance the Capital Improvements is \$820,000, including capitalized interest, costs of issuance, and bond discount.

(b) No petition requesting a referendum regarding issuance of bonds under the CIP Plan was filed within thirty (30) days after the date of the hearing, and the City is therefore authorized to issue general obligation bonds under the CIP Act.

(c) As required by the CIP Act, the City has determined that: (i) the expected useful life of the projects to be refinanced with the proceeds of the Bonds will be at least five (5) years; and (ii) the amount of principal and interest due in any year on all outstanding bonds issued by the City under the CIP Act, including the CIP Bonds (as defined below), will not exceed 0.16 percent of the estimated market value of property in the City for taxes payable in 2018.

(d) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligation bonds in the aggregate principal amount of \$820,000 (the “CIP Bonds”), pursuant to the CIP Act, to provide financing for the Capital Improvements.

1.02. Street Reconstruction Bonds.

(a) Pursuant to Minnesota Statutes, Section 475.58, subdivision 3b (the “Street Reconstruction Act”), the City is authorized to finance all or a portion of the cost of street reconstruction projects by the issuance of general obligation bonds of the City payable from ad valorem taxes.

(b) On August 13, 2018, following a duly noticed public hearing, the City Council of the City adopted an amended five-year street reconstruction plan (the “ Street Reconstruction

Plan”) for years 2018 to 2022 describing the streets to be reconstructed, estimated costs, and any planned reconstruction of other streets in the City and approved the issuance of obligations by a vote of all members thereof, all pursuant to the Street Reconstruction Act.

(c) Expenditures described in the Street Reconstruction Plan for 2018 include, among other projects, the 2018 Northeast Improvements Project (collectively, the “Street Reconstruction”). The City estimates that the amount of general obligation bonds that will be issued to finance a portion of the Street Reconstruction is \$1,140,000, including capitalized interest, costs of issuance, and bond discount.

(d) The City Council has determined that, within thirty (30) days after the hearing, no petition for a referendum on the issuance of bonds to pay costs of the Street Reconstruction was received by the City in accordance with the Street Reconstruction Act.

(e) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligation bonds in the aggregate principal amount of \$1,140,000 (the “Street Reconstruction Bonds”), pursuant to the Street Reconstruction Act, to provide financing for the Street Reconstruction.

1.03. Issuance of General Obligation Bonds.

(e) The City Council finds it is necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Bonds, Series 2018A (the “Bonds”), in the original aggregate principal amount of \$1,960,000, pursuant to the CIP Act and the Street Reconstruction Act (collectively, the “Act”), to provide financing for the Capital Improvements and the Street Reconstruction.

(f) The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Bonds, it being determined that the City has retained an independent municipal advisor in connection with such sale. The actions of the City staff and municipal advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.04. Award to the Purchaser and Interest Rates. The proposal of _____, _____, _____ (the “Purchaser”), to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$_____ (par amount of \$1,960,000.00, plus original issue premium of \$_____, [less original issue discount of \$_____,] less underwriter’s discount of \$_____), plus accrued interest to date of delivery, if any, for Bonds bearing interest as follows:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2020	%	2028	%

2021	2029
2022	2030
2023	2031
2024	2032
2025	2033
2026	2034
2027	

True interest cost: _____%

1.05. Purchase Contract. The amount proposed by the Purchaser in excess of the minimum bid shall be credited to the accounts of the Debt Service Fund hereinafter created or deposited in the accounts of the Construction Fund hereinafter created, as determined by the City’s Finance Director in consultation with the City’s municipal advisor. The Finance Director is directed to retain the good faith check of the Purchaser, pending completion of the sale of the Bonds, and to return the good faith checks of the unsuccessful proposers. The Mayor and City Administrator are directed to execute a contract with the Purchaser on behalf of the City, if requested by the Purchaser.

1.06. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act to the Purchaser, in the total principal amount of \$1,960,000, originally dated October 18, 2018, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$	2028	\$
2021		2029	
2022		2030	
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027			

(a) \$820,000 of the Bonds, constituting the CIP Bonds, maturing on February 1 in the years and in the amounts set forth below, will be used to finance the Capital Improvements:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$	2028	\$

2021	2029
2022	2030
2023	2031
2024	2032
2025	2033
2026	2034
2027	

(b) \$1,140,000 of the Bonds, constituting Street Reconstruction Bonds, maturing on February 1 in the years and in the amounts set forth below, will be used to finance the Street Reconstruction:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$	2028	\$
2021		2029	
2022		2030	
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027			

1.07. Optional Redemption. The City may elect on February 1, 2027, and on any day thereafter to prepay Bonds due on or after February 1, 2028. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

[1.08. Mandatory Redemption; Term Bonds. To be inserted if term bonds are requested by the Purchaser.]

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2019, to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its designated corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner’s attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner’s order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the

Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints U.S. Bank National Association, St. Paul, Minnesota, as the initial Registrar. The Mayor and the City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the City Council, the Finance Director must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Administrator and executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the City Administrator will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

2.06. Temporary Bonds. The City may elect to deliver in lieu of printed definitive Bonds one or more typewritten temporary Bonds in substantially the form set forth in EXHIBIT B attached hereto with such changes as may be necessary to reflect more than one maturity in a single temporary bond. Upon the execution and delivery of definitive Bonds the temporary Bonds will be exchanged therefor and cancelled.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT B.

3.02. Approving Legal Opinion. The City Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota and cause the opinion to accompany the Bonds.

Section 4. Payment; Security; Pledges and Covenants.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Bonds, Series 2018A Debt Service Fund (the "Debt Service Fund") hereby created. The Debt Service Fund shall be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the "Capital Improvements Account" and the "Street Reconstruction Account." Amounts in the Capital Improvements Account are irrevocably pledged to the CIP Bonds and amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds.

(a) Capital Improvements Account. The Finance Director shall timely deposit in the Capital Improvements Account of the Debt Service Fund the ad valorem taxes levied herein for the Capital Improvements, which ad valorem taxes are pledged to the Capital Improvements Account. There is also appropriated to the Capital Improvements Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.05 hereof; and (iii) any other funds appropriated for the payment of principal or interest on the CIP Bonds.

(b) Street Reconstruction Account. The Finance Director shall timely deposit in the Street Reconstruction Account of the Debt Service Fund the ad valorem taxes levied herein for the Street Reconstruction, which ad valorem taxes are pledged to the Street Reconstruction Account. There is also appropriated to the Street Reconstruction Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.05 hereof; and (iii) any other funds appropriated for the payment of principal or interest on the Street Reconstruction Bonds.

4.02. Construction Fund. The City hereby creates the General Obligation Bonds, Series 2018A Construction Fund (the "Construction Fund"). The City will maintain the following accounts in the Construction Fund: the "Capital Improvements Account" and the "Street Reconstruction Account." Amounts in the Capital Improvements Account are irrevocably pledged to the CIP Bonds, and amounts in the in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds.

(a) Capital Improvements Account. Proceeds of the CIP Bonds, less the appropriations made in Section 4.01(a) hereof, together with any other funds appropriated for the Capital Improvements and ad valorem taxes collected during construction of the Capital Improvements, will be deposited in the Capital Improvements Account of the Construction Fund to be used solely to defray expenses of the Capital Improvements and the payment of principal

and interest on the CIP Bonds prior to the completion and payment of all costs of the Capital Improvements. When the Capital Improvements are completed and the cost thereof paid, the Capital Improvements Account of the Construction Fund is to be closed and any funds remaining may be deposited in the Capital Improvements Account of the Debt Service Fund.

(b) Street Reconstruction Account. Proceeds of the Street Reconstruction Bonds, less the appropriations made in Section 4.01(b) hereof, together with any other funds appropriated for the Street Reconstruction and ad valorem taxes collected during construction of the Street Reconstruction, will be deposited in the Street Reconstruction Account of the Construction Fund to be used solely to defray expenses of the Street Reconstruction and the payment of principal and interest on the Street Reconstruction Bonds prior to the completion and payment of all costs of the Street Reconstruction. When the Street Reconstruction is completed and the cost thereof paid, the Street Reconstruction Account of the Construction Fund is to be closed and any funds remaining may be deposited in the Street Reconstruction Account of the Debt Service Fund.

4.03. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.04. Pledge of Tax Levy. For the purpose of paying the principal of and interest on the Bonds, there is levied a direct annual irrevocable ad valorem tax (the "Taxes") upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Capital Improvements Account and the Street Reconstruction Account of the Debt Service Fund provided above and will be in the years and amounts as attached hereto as EXHIBIT C.

4.05. Certification to County Auditor/Treasurer as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Taxes will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levy herein provided is irrevocable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the City Administrator may certify to the County Auditor/Treasurer of Itasca County, Minnesota (the "County Auditor/Treasurer") the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor/Treasurer will thereupon reduce the levy collectible during such year by the amount so certified.

4.06. Registration of Resolution. The City Clerk is authorized and directed to file a certified copy of this resolution with the County Auditor/Treasurer and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their

knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Administrator, and the Finance Director are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Mayor, City Administrator, and Finance Director are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Administrator, and the Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to KleinBank, Chaska, Minnesota on the closing date for further distribution as directed by the City's municipal advisor, Ehlers & Associates, Inc.

Section 6. Tax Covenant.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. No Rebate Required.

(a) The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued in calendar year 2018) exceed the small-issuer exception amount of \$5,000,000.

(b) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the City hereby finds, determines, and declares that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities of the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

- (a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
- (b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2018 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 of obligations issued by the City during calendar year 2018 have been designated for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.06 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid.

No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Administrator of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." will refer to such new nominee of DTC; and upon receipt of such a notice, the City Administrator will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Representation Letter") which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Administrator and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may

discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

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

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

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A
PROPOSALS

EXHIBIT B
FORM OF BOND

No. R-_____ UNITED STATES OF AMERICA \$ _____
STATE OF MINNESOTA
COUNTY OF ITASCA
CITY OF GRAND RAPIDS
GENERAL OBLIGATION BOND
SERIES 2018A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	October 18, 2018	

Registered Owner: Cede & Co.

The City of Grand Rapids, Minnesota, a duly organized and existing municipal corporation in Itasca County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$_____ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve (12) thirty (30) day months), payable February 1 and August 1 in each year, commencing August 1, 2019, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by U.S. Bank National Association, St. Paul, Minnesota, as Bond Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2027, and on any day thereafter to prepay Bonds due on or after February 1, 2028. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$1,960,000, all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on September 24, 2018 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in making certain capital improvements and certain street reconstruction projects, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 475, as amended, specifically, Minnesota Statutes, Section 475.521, as amended, and Section 475.58, subdivision 3b, as

amended. The principal hereof and interest hereon are payable from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in ad valorem taxes pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated the issue of Bonds of which this Bond forms a part as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner’s attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner’s attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Grand Rapids, Itasca County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: October 18, 2018

CITY OF GRAND RAPIDS, MINNESOTA

(Facsimile)
Mayor

(Facsimile)
City Administrator

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT
_____ Custodian _____
(Cust) _____ (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to Minors
Act, State of _____

JT TEN -- as joint tenants with right of
survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program (“STAMP”), the Stock Exchange Medallion Program (“SEMP”), the New York Stock Exchange, Inc. Medallion Signatures Program (“MSP”) or other such “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STEMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of
Officer of Registrar

Cede & Co.
Federal ID #13-2555119

EXHIBIT C

TAX LEVY SCHEDULE

Tax Levy for CIP Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2020	\$
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	

** Year tax levy collected.*

Tax Levy for Street Reconstruction Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2020	\$
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	

** Year tax levy collected.*

STATE OF MINNESOTA)
)
COUNTY OF ITASCA) SS.
)
CITY OF GRAND RAPIDS)

I, being the duly qualified and acting City Clerk of the City of Grand Rapids, Itasca County, Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on September 24, 2018 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City's General Obligation Bonds, Series 2018A, in the original aggregate principal amount of \$1,960,000.

WITNESS My hand officially as such City Clerk and the corporate seal of the City this _____ day of _____, 2018.

(SEAL)

City Clerk
City of Grand Rapids, Minnesota



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #:	18-0607	Version:	1	Name:	Conduct a public hearing to receive public input on the implementation of the Small Cities Development Program (SCDP) Commercial and Residential Rehab Grant.
Type:	Public Hearing	Status:		Status:	Public Hearing
File created:	9/19/2018	In control:		In control:	City Council
On agenda:	9/24/2018	Final action:			
Title:	Conduct a public hearing to receive public input on the implementation of the Small Cities Development Program (SCDP) Commercial and Residential Rehab Grant.				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	SCDP Implementation Public Hearing				

Date	Ver.	Action By	Action	Result
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Conduct a public hearing to receive public input on the implementation of the Small Cities Development Program (SCDP) Commercial and Residential Rehab Grant.

Background Information:

In accordance with the Housing and Community Development Act of 1974, the City of Grand Rapids previously adopted a Citizen Participation Plan to encourage public participation in the planning and implementation of Federal Community Development Block Grant funded activities, such as the Small Cities Development Program (SCDP) grant the City received in 2017 to complete commercial and residential rehabilitation projects in targeted areas of Grand Rapids.

The Citizen Participation Plan requires that a public hearing be held approximately midway through the project implementation.

Staff and Itasca County HRA will present an overview of the program and activities to date.

Requested City Council Action

Conduct a public hearing to receive public input on the implementation of the Small Cities Development Program (SCDP) Commercial and Residential Rehab Grant.



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

Small Cities Development Program (SCDP) Grant

Implementation Public Hearing

September 24, 2018



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

- ❖ In September of 2017, the City of Grand Rapids was awarded a \$878,720 Comprehensive Small Cities Development Program (SCDP) Grant.
- ❖ The grant is directed at funding the rehabilitation of:
 - ◆ 20 owner occupied residential homes at a maximum assistance of \$22,400/unit (70% of Project Cost) (Deferred/Forgivable)
 - ◆ 10 commercial building rehabilitations, with a maximum SCDP assistance of \$32,000/rehabilitation project. (60% of Project Cost) (Deferred/Forgivable)
- ❖ The grant is being administered for the City by the Itasca County HRA and the Grand Rapids EDA.





CITY OF
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SCDP Commercial Rehab Target Area





CITY OF
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SCDP Residential Rehab PRIMARY Target Area "A" - 2017



Legend	
[Symbol]	Parcels
[Symbol]	Residential Rehab Target Area "A"



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IT'S IN MINNESOTA'S NATURE

- ❖ To supplement the SCDP deferred loans for commercial rehabilitation projects, GREDA offered enhanced financing terms, through its CBIL revolving loan fund, to assist businesses with their 40% match requirement. (Up to \$35,000, 10 yr. @ 1%)
- ❖ Activities to date:
 - ◆ **Commercial:** Jacobson Family Trust- *former Reed's Building* (Completed), Pools Bay Properties- *1000 Lakes Sports* (Completed), Rowe Funeral Home (Under Construction), Margo Office Building (Under Construction), MacRostie Art Center (Nearing Completion), Northland Off-Road (To begin soon), Hopperton's Building (pending), Rapids Brewing (Pending), Nuch's in the Corner (Pending), Globe Drug (withdrew from program, replaced with Northbank Professional Bldg.)
 - ◆ **Residential:** Owner Occupied: 2 completed, 5 under construction, 2 awaiting owner action either on contractor selection or bid award.





CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

- ❖ The SCDP grant runs through the end of 2020 and funds are still available. Those interested in learning more about these programs, should call:

Amanda MacDonell
Itasca County HRA
(218) 326-7978

- ❖ The Citizen Participation Plan, required by the Housing and Community Development Act of 1974 and adopted by the City Council, requires that the City hold this public hearing during the implementation of the grant. The purpose of the public hearing is to provide citizens the opportunity to comment upon the activities for which these Community Development Block Grant (CDBG) funds are being used.





CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

Questions/Comments?



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0617 **Version:** 1 **Name:**
Type: Public Hearing **Status:** Public Hearing
File created: 9/20/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Conduct a public hearing to consider the establishment of TIF District 1-11, adoption of a TIF Plan and an associated Contract for Private Redevelopment for the redevelopment of the former Sawmill Inn site.

Sponsors:

Indexes:

Code sections:

Attachments: [TIF Public Hearing Sawmill Inn Redevelopment.pptx \[Autosaved\]](#)

Date	Ver.	Action By	Action	Result
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Conduct a public hearing to consider the establishment of TIF District 1-11, adoption of a TIF Plan and an associated Contract for Private Redevelopment for the redevelopment of the former Sawmill Inn site.

Background Information:

(refer to attached presentation)

Requested City Council Action

Conduct a public hearing to consider the establishment of TIF District 1-11, adoption of a TIF Plan and an associated Contract for Private Redevelopment for the redevelopment of the former Sawmill Inn site.



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

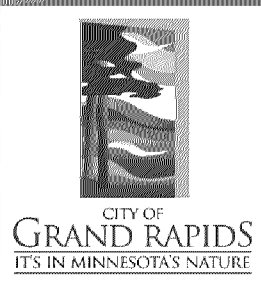
Tax Increment Finance (TIF) Redevelopment District 1-11

Redevelopment of former Sawmill Inn site

Public Hearing

September 24, 2018

Community Development Department



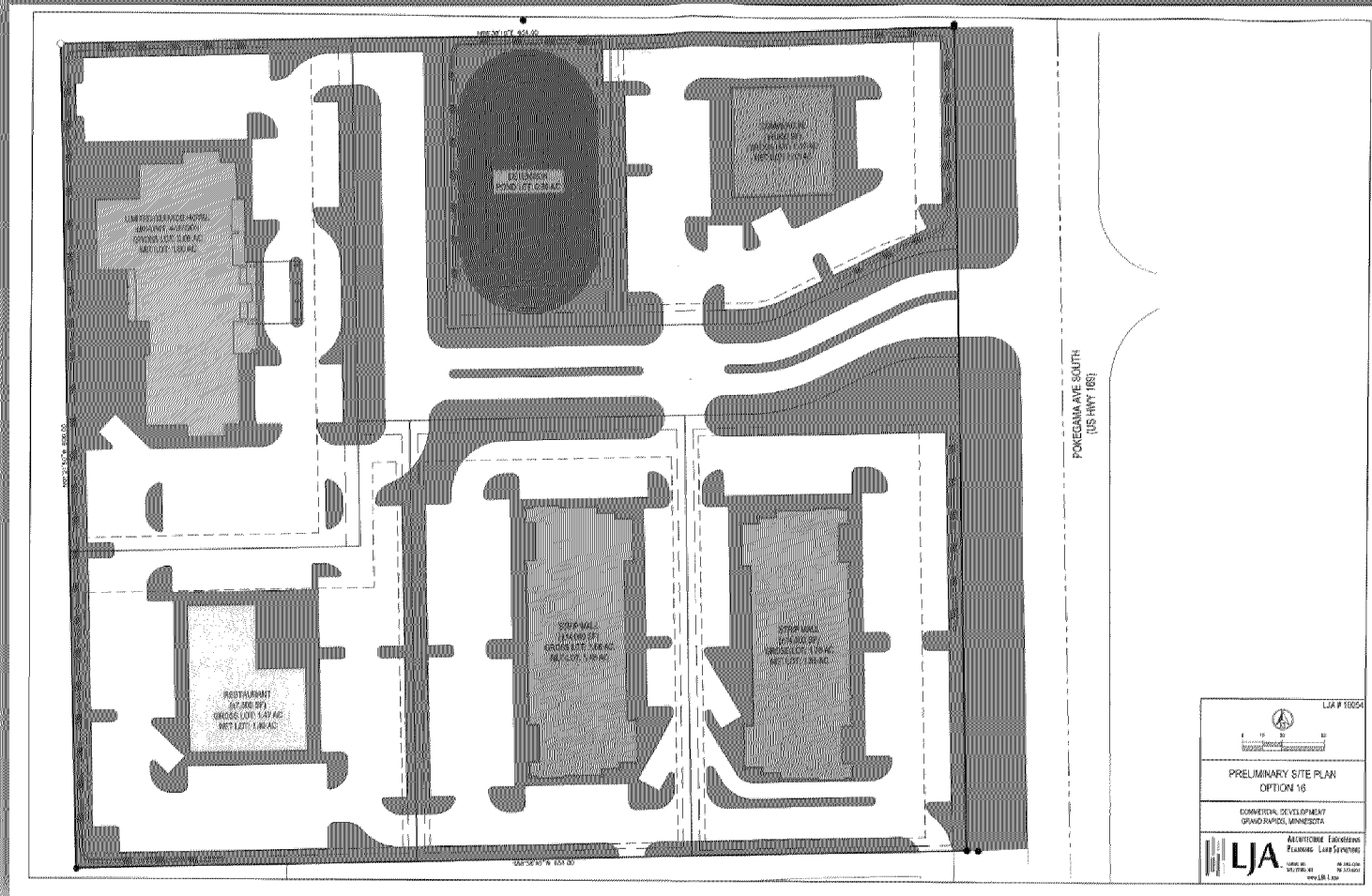
Project Background

- **Rebound Hospitality LLC of Northfield, MN filed an application for TIF Business Assistance on June 13th. The registered Manager of Rebound Hospitality LCC is Brett Reese. Rebound is an developer and owner/operator of independent boutique hotels and branded hotels located in Northfield, MN, Decorah, IA, and Des Moines, IA.**
- **Project Location – 2301 Hwy. 169 South - 9 acre site with a 65,000 sf building and parking lot, which was operated as the Sawmill Inn (constructed in 1973 as a Holiday Inn) and owned by the Jacobson family. Zoning is GB (General Business)**
- **Project Scope – Pending final acquisition of the site and financing, Rebound intends to demolish the former Sawmill Inn, subdivide the property into 5 commercial parcels with utility and vehicle access provided by a new public street. Rebound would also construct a new 82 unit hotel on one of the lots and sell the remaining lots to other commercial developers.**
 - **Total Estimated Site Development Cost to: purchase site, demo, grade, construct street/utilities and misc. = \$4.89M**
 - **Total Estimated Cost to Develop Hotel = \$10.25M**
 - **Combined Total Estimated Development Cost = \$15.1M**



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Project Background



Community Development Department



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Project Background



Grand Rapids, MN
Commercial Development



Community Development Department



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Project Background



Community Development Department



TIF Business Assistance

- **The proposed TIF district would be a Redevelopment District**
 - **Redevelopment Districts must meet additional requirements pertaining to substandard condition of the existing building and lot coverage within the district. This was examined by the architectural firm LHB, contracted by GREDA and reimbursed by Rebound, and the site and building meet the criteria. This report is an exhibit to the TIF Plan.**
- **The Public Purpose objectives, within the City's business assistance policies, which align with this project are:**
 - **To enhance and/or diversify the City's economic base.**
 - **To encourage additional unsubsidized private (re)development**
 - **To remove blight and/or encourage (re)development of commercial and industrial areas**
 - **To accomplish other public policies consistent with the Comprehensive Plan, such as; the encouragement of infill development.**
- **In Minnesota, TIF can be used for two basic purposes:**
 - **To finance public infrastructure that is related to the development, or**
 - **To induce or cause a development or redevelopment that otherwise would not occur. (The economics of the development won't work without the assistance, for reasons such as; added cost of building acquisition and removal, development costs won't allow for affordable rents, added cost of site cleanup, etc.)**

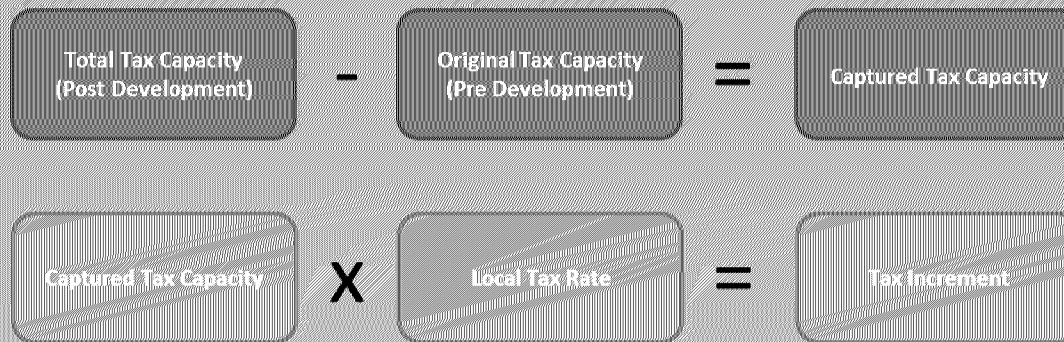


TIF Business Assistance

- **TIF But-for Test**

- **Under Minnesota statute, before a City can establish a TIF district for a project, the developer must demonstrate and the City must verify that, but-for the use of TIF, the project would not occur in the foreseeable future.**

- **TIF Basics:**



- **Important to note that the property taxes collected currently are still received and retained by the City during the term of the TIF**
- **Only the increase in taxes resulting from the new development (increment) is delayed until the TIF commitment is satisfied.**
- **Upon that satisfaction, all property taxes resume full distribution to the taxing entities.**



TIF Business Assistance

- TIF Need – Although the Minimum Improvements that will be required of the Developer include the construction of an 82 unit hotel, the purpose/need of the proposed TIF will be limited to offsetting the deficit generated through added site development costs associated with demolishing the building as well as a portion of the site acquisition, which includes cost to acquire a functionally obsolete building.**

Project Sources and Uses – Site Acquisition and Preparation:

Sources/Revenue:		Uses/Development Costs:	
IRRR Demo Grant	\$100,000	Site Acquisition	\$2,376,300
Lot Sales	\$3,452,100	Demolition	\$600,000
Auction Proceeds	\$73,000	Infrastructure & AE	\$480,000
Requested TIF	1,250,000	Retaining Wall & Grading	\$519,800
		Development Fee/OH, Broker Comm./Legal/Title	\$817,300
		Other Holding Costs	\$95,500
Total:	\$4,875,100	Total:	\$4,888,900



TIF Business Assistance

- **The previous sources and uses of funds table illustrates that there would be a deficit of approximately \$1.26M to acquire the site and bring it into a marketable condition, after factoring in the revenue expected from sale of the lots and the IRRR grant.**
 - **This deficit demonstrates that the but-for test is met in this case.**
 - **With the requested TIF, it allows for the land development to reach a breakeven point for the Developer.**
 - **A market rate of return on investment for the hotel development is then made possible by the hotel development being able to purchase a cleared/prepared site at a market price.**

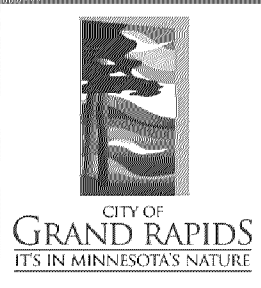
- **Current and Future Estimated Assessed Property Value and Taxes**

	Current (Itasca County Assessor)	Hotel Only (Itasca County Assessor)	Full Development (Ehlers)
Land Value	\$809,700	\$1,489,900	
Building Value	\$1,187,400	\$3,597,900	
Total Value	\$1,997,100	\$5,087,700	\$9,347,200
Annual Property Taxes	\$91,514	\$205,392	\$386,585



TIF Business Assistance

- **When approving a TIF Plan, the City Council must find (among other things) that:**
 - **The proposed development would not reasonably be expected to occur solely through private investment in the reasonably foreseeable future; and**
 - **The increased market value of the site that could reasonably be expected to occur without the use of TIF would be less than the increase estimated to result from the proposed development.**
- **The Draft Resolution, TIF Plan and it's Appendix G address these required findings and describe the basis of the determined need for this public assistance in furthering the public purposes of: fulfilling a need to redevelop an area of the City which is already built up, to eliminate blight and blighting factors, to provide employment opportunities, to improve the tax base and to improve the general economy.**
- **The proposed TIF involves pay-as-you-go financing, which means the developer will pay the costs of creating the improvements with their funds, and the increments, as they are generated by the new development, will be used to reimburse the developer for these costs over time.**
- **Redevelopment districts have a maximum duration of 25 years. It is projected that at full development the principal amount of \$1,250,000, with interest at 5.5%, will fully fund the TIF obligation in approximately 12 years, allowing the TIF to be de-certified/concluded at that point.**
- **Under an unlikely scenario where only the hotel was built, over the full term of the district, it is projected that the present value of total increment would be \$847,712, with interest at 5.5%.**



TIF Business Assistance

- **Lookback Provisions within the draft Contract for Private Development**
 - **The draft Contract for Private Development allows for the City's review of actual site development costs upon completion of the Minimum Improvements.**
 - **If the actual site development costs are less than are currently estimated, the amount of the TIF note will be reduced by the City. (A similar lookback provision was used to reduce the amount of the TIF note issued for the Majestic Pines Housing TIF district)**
 - **However, the final amount of the TIF note is capped at a maximum of \$1,250,000.**



Process

GREDA reviewed this application and adopted a resolution supporting the establishment of this TIF district at their special meeting on September 19.

Actions that will be considered immediately following this Public Hearing:

- 1. Adoption of a resolution approving the establishment of TIF District No. 1-11 (Sawmill Inn Redevelopment) and approving the TIF Plan for the District.**
- 2. Adoption of a resolution approving the Contract for Private Redevelopment with Rebound Hospitality and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its tax increment revenue note.**



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Questions?

Community Development Department



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0618 **Version:** 1 **Name:**
Type: Agenda Item **Status:** Public Hearing
File created: 9/20/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider adoption of a resolution modifying the development program for Development District No. 1; and establishing Tax Increment Financing District No. 1-11 therein and adopting a Tax Increment Financing Plan therefor.

Sponsors:

Indexes:

Code sections:

Attachments: [Resolution Adopting a TIF district 1-11 TIF Plan](#)
[TIF PLAN - for Council consideration 9-24-18](#)

Date	Ver.	Action By	Action	Result
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Consider adoption of a resolution modifying the development program for Development District No. 1; and establishing Tax Increment Financing District No. 1-11 therein and adopting a Tax Increment Financing Plan therefor.

Background Information:

(Upon conclusion of the Public Hearing, if the City Council agrees with the recommendation of the Grand Rapids EDA and deems the establishment of this TIF District to be consistent with the economic development policies of the City and in the best interest of the community, approval of the attached resolution would be an appropriate action)

Requested City Council Action

Consider adoption of a resolution modifying the development program for Development District No. 1; and establishing Tax Increment Financing District No. 1-11 therein and adopting a Tax Increment Financing Plan therefor.

**CITY OF GRAND RAPIDS
ITASCA COUNTY
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR MUNICIPAL DEVELOPMENT DISTRICT NO. 1; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-11 THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

BE IT RESOLVED by the City Council (the "Council") of the City of Grand Rapids, Minnesota (the "City"), as follows:

Section 1. Recitals

1.01. The City of Grand Rapids (the "City") has heretofore established Municipal Development District No. 1 and adopted the Development Program therefor. It has been proposed by the City that the City adopt a Modification to the Development Program for Municipal Development District No. 1 (the "Development Program Modification") and establish Tax Increment Financing District No. 1-11 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Program and Plan and have caused the Program and Plan to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of Itasca County and Independent School District No. 318 having taxing jurisdiction over the property to be included in the District, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports, including the redevelopment qualifications reports and planning documents, include data, information and/or substantiation constituting or relating to the basis for the findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05 The City is not modifying the boundaries of Municipal Development District No. 1, but is however, modifying the Development Program therefor.

Section 2. Findings for the Adoption and Approval of the Development Program Modification.

2.01. The Council approves the Development Program Modification, and specifically finds that: (a) the land within the Municipal Development District No. 1 would not be available for redevelopment without the financial aid to be sought under this Development Program; (b) the Development Program, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Municipal Development District No. 1 by private enterprise; and (c) that the Development Program, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 1-11

3.01. The Council hereby finds that the District is in the public interest and is a "redevelopment district" under Section 469.174, Subd. 10(a)(1) of the Act.

3.02. The Council further finds that the proposed redevelopment would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the findings stated in this Section and in Section 2 and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

3.04. The City elects to calculate fiscal disparities for the District in accordance with Section 469.177, Subd. 3, clause b of the Act, which means the fiscal disparities contribution will be taken from inside the District.

Section 4. Public Purpose

4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to redevelop an area of the City which is already built up, to eliminate blight and blighting factors within Municipal Development District No., to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan

5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Community Development Director.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Itasca is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City 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 the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The Community Development Director is further authorized and directed to file a copy of the Program and Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Section 469.175, Subd. 4a of the Act.

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

and the following voted against the same:

Dated: September 24, 2018

ATTEST:

Dale Adams, Mayor

Kim Gibeau, City Clerk

(Seal)

EXHIBIT A

RESOLUTION NO. _____

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (the "TIF Plan") for Tax Increment Financing District No. 1-11 (the "District"), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-11 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10(a)(1).*

The District consists of 1 parcel, with plans to redevelop the area for commercial purposes. At least 70 percent of the area of the parcel in the District is occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix F of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.*

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: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcel currently occupied by substandard buildings, the limited amount of commercial property for expansion adjacent to the existing project, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance. (See attachment in Appendix G of the TIF Plan.)

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 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 District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

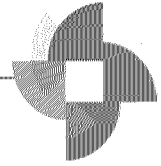
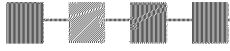
- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$7,350,100 (see Appendix D and G of the TIF Plan)

- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,671,639 (see Appendix D and G of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$4,678,461 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council has reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Municipal Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.



*As of September 19, 2018
Draft for Public Hearing*

**Modification to the Development Program
for Municipal Development District No. 1**

and the

Tax Increment Financing Plan

for the establishment of

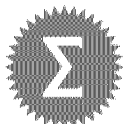
**Tax Increment Financing District No. 1-11
(a redevelopment district)**

within

Municipal Development District No. 1

City of Grand Rapids
Itasca County
State of Minnesota

Public Hearing: September 24, 2018
Adopted:



EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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(for reference purposes only)

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***Section 1 - Modification to the Development Program
for Municipal Development District No. 1***

Foreword

The following text represents a Modification to the Development Program for Municipal Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-11.

For further information, a review of the Development Program for Municipal Development District No. 1, adopted February 17, 1982, as subsequently amended, is recommended. It is available from the Community Development Director at the City of Grand Rapids. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Municipal Development District No. 1.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 1-11

Subsection 2-1. Foreword

The City of Grand Rapids (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-11 (the "District"), a redevelopment tax increment financing district, located in Municipal Development District No. 1.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 to 469.134*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Municipal Development District No. 1.

Subsection 2-3. Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the redevelopment of the former Sawmill Inn site with commercial development in the City. Please see Appendix A for further District information. The City anticipates entering into an agreement with Rebound Hospitality, LLC as the developer, and construction is anticipated to begin in the Fall 2018. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Municipal Development District No. 1 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)* as defined below:

(a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

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

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in Section 115C, Subd. 15, if the tank facility:

(i) have or had a capacity of more than one million gallons;

(ii) are located adjacent to rail facilities; or

(iii) have been removed, or are unused, underused, inappropriately used or infrequently used; or

(4) a qualifying disaster area, as defined in Subd. 10b.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable

to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

In meeting the statutory criteria the City relies on the following facts and findings:

- The District is a redevelopment district consisting of one parcel.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years

of tax increment). The City elects to receive the first tax increment in 2021, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2046, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2020) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2019, assuming the request for certification is made before June 30, 2019. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Municipal Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$279,878	
Original Estimated Net Tax Capacity (ONTC)	\$39,192	
Fiscal Disparities Contribution	\$59,822	
Estimated Captured Tax Capacity (CTC)	\$180,864	
Original Local Tax Rate	1.62864	Pay 2018
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$294,562	
Percent Retained by the City	100%	

Tax capacity includes a 1.75% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$60,926.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

No building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$5,887,198
<u>Interest</u>	<u>\$588,720</u>
TOTAL	\$6,475,918

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$5,887,198. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the redevelopment of the former Sawmill site with commercial development. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$2,377,000
Site Improvements/Preparation	\$507,539
Utilities	\$100,000
<u>Administrative Costs (up to 10%)</u>	<u>\$588,720</u>
PROJECT COST TOTAL	\$3,573,259
<u>Interest</u>	<u>\$2,902,659</u>
PROJECT AND INTEREST COSTS TOTAL	\$6,475,918

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Municipal Development District No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (inside the District) are followed, the following method of computation shall apply:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

The City will choose to calculate fiscal disparities by clause b. It is not anticipated that the District will contain commercial property. As a result, there should be no impact due to the fiscal disparities provision on the District.

According to *Section 469.177, Subd. 3* of the TIF Act:

(c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).

Subsection 2-12. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;

- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-13. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE			
	2017/Pay 2018 Total Net <u>Tax Capacity</u>	Estimated Captured Tax Capacity (CTC) <u>Upon Completion</u>	Percent of CTC to Entity Total
Itasca County	60,080,627	180,864	0.3010%
City of Grand Rapids	8,118,622	180,864	2.2278%
Grand Rapids ISD No. 318	42,012,319	180,864	0.4305%

IMPACT ON TAX RATES

	<u>Pay 2018 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Itasca County	0.626900	38.49%	180,864	113,384
City of Grand Rapids	0.826740	50.76%	180,864	149,528
Grand Rapids ISD No. 318	0.172440	10.59%	180,864	31,188
Other	<u>0.002560</u>	<u>0.16%</u>	<u>180,864</u>	463
Total	1.628640	100.00%		294,562

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2018 rate. The total net capacity for the entities listed above are based on actual Pay 2018 figures. The District will be certified under the actual Pay 2019 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$5,887,198;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses and increased density, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

The impact of the District on public infrastructure is expected to be minimal. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. A traffic study is being completed to review the impacts of the new development; however, any required improvements will be paid by the developer. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$623,454;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the

county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,265,982;

- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- Tax Increment Financing Application submitted by Rebound Hospitality, LLC.
- Report of Inspection Procedures and Results for the Sawmill Inn Redevelopment TIF District provided by LHB dated June 13, 2018.

Subsection 2-16. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

Subsection 2-17. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2)(A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-18. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in an account in the special revenue fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-19. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6:*

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the District by approximately September 2022 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

The City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. to finance, or otherwise pay the capital and administration costs of Municipal Development District No. 1 pursuant to *M.S., Sections 469.124 to 469.134;*
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4;*
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of the Municipal Development District No. 1 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178; and*
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on

the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Itasca County to the City for the Tax Increment Fund of said District. The City will pay to the developer annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-21. Excess Increments

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Municipal Development District No. 1 or the District.

Subsection 2-22. Requirements for Agreements with the Developer

The City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with City plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the project area as set forth in the TIF Plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the City should the development or redevelopment not be completed.

Subsection 2-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be

constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-24. Administration of the District

Administration of the District will be handled by the Community Development Director.

Subsection 2-25. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-27. Other Limitations on the Use of Tax Increment

1. **General Limitations.** All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Municipal Development District No. 1 pursuant to *M.S., Sections 469.124 to 469.134*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. **Pooling Limitations.** At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not

more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.

3. Five Year Limitation on Commitment of Tax Increments. Revenues derived from tax increments paid by properties in the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.
4. Redevelopment District. At least 90 percent of the revenues derived from tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

Subsection 2-28. Summary

The City of Grand Rapids is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

Appendix A

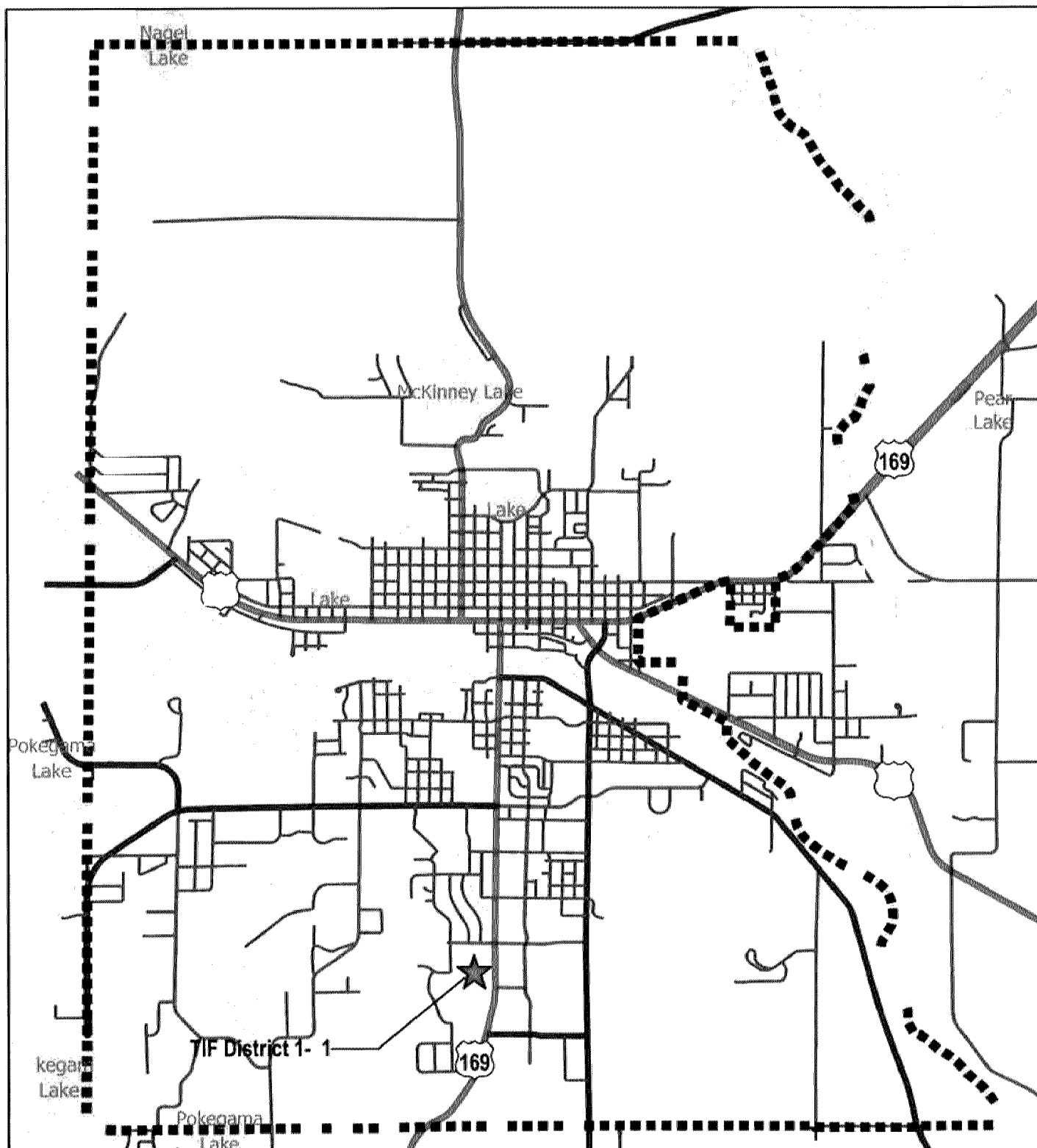
Project Description

Tax Increment Financing District No. 11 / Sawmill Inn is being created to facilitate the redevelopment of the Sawmill Inn site in the City of Grand Rapids. The proposed redevelopment includes an approximately 80 unit hotel along with approximately 45,000 square feet of commercial space.

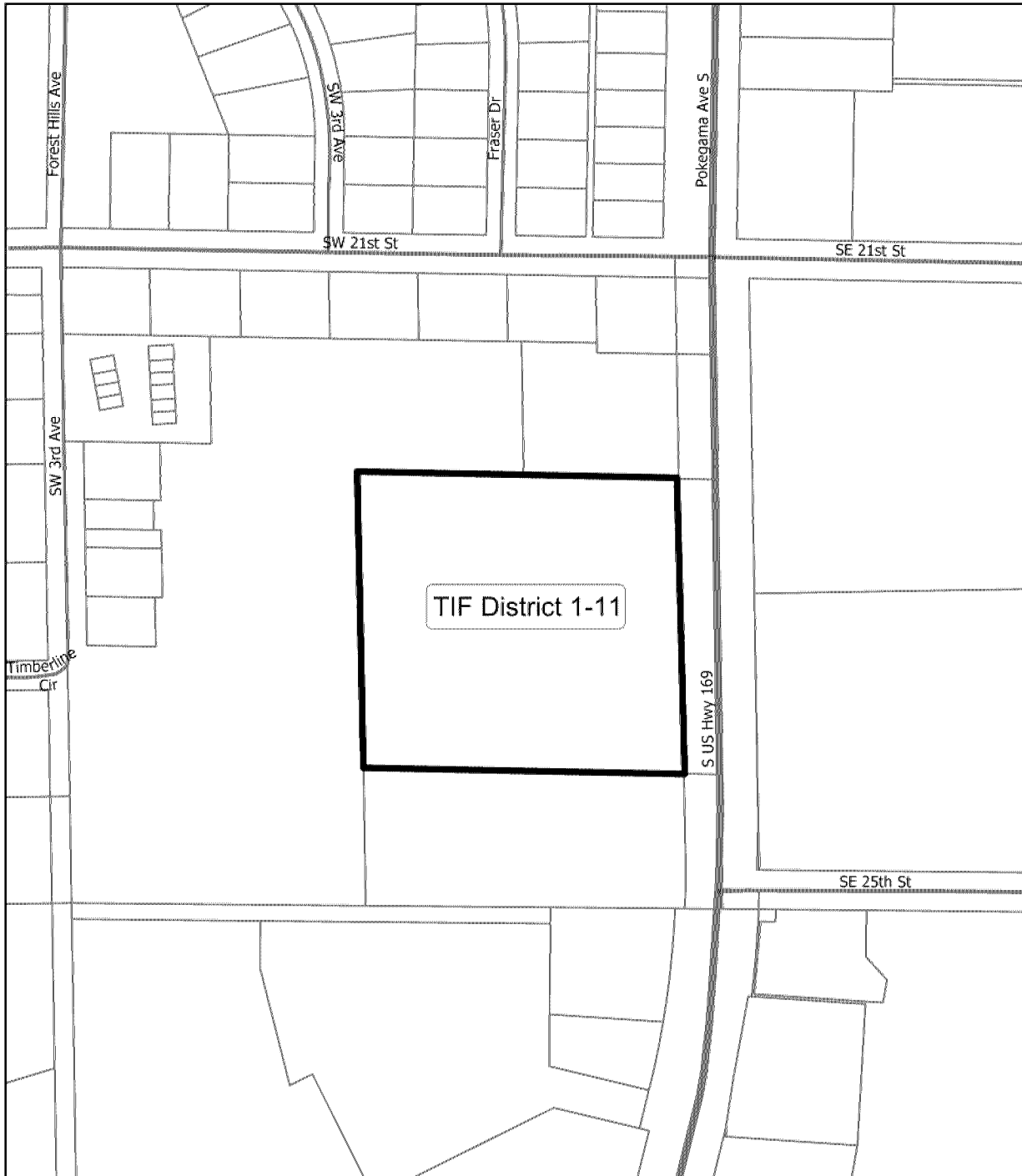
It is anticipated the City will issue a pay-as-you-go note to assist with redevelopment expenses

Appendix B

Maps of Municipal Development District No. 1 and the District



Map of TIF District No. 1-11



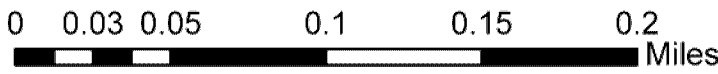
Legend

- Tax Parcel

Base_Data

Streets Classified

- ▬ Arterial
- ▬ Major
- ▬ Minor
- ▬ Local
- ▬ Private



Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcel listed below.

<u>Parcel Number</u>	<u>Address</u>	<u>Owner</u>
91-033-2206*	2301 S. Hwy. 169	GR Development

**The Developer anticipates subdividing the parcel into five separate parcels after creation of the TIF District.*

Appendix D

Estimated Cash Flow for the District



Sawmill Redevelopment - No Inflation

City of Grand Rapids, MN

Estimated Build-out of Commercial Redevelopment of former Sawmill site

ASSUMPTIONS AND RATES

DistrictType:	Redevelopment	Tax Rates
District Name/Number:	Sawmill TIF	
County District #:	TBD	Exempt Class Rate (Exempt) 0.00%
First Year Construction or Inflation on Value	2019	Commercial Industrial Preferred Class Rate (C/I Pref.)
Existing District - Specify No. Years Remaining		First \$150,000 1.50%
Inflation Rate - Every Year:	1.75%	Over \$150,000 2.00%
Interest Rate:	5.50%	Commercial Industrial Class Rate (C/I) 2.00%
Present Value Date:	1-Aug-19	Rental Housing Class Rate (Rental) 1.25%
First Period Ending	1-Feb-20	Affordable Rental Housing Class Rate (Aff. Rental)
Tax Year District was Certified:	Pay 2019	First \$121,000 0.75%
Cashflow Assumes First Tax Increment For Development:	2021	Over \$121,000 0.25%
Years of Tax Increment	26	Non-Homestead Residential (Non-H Res. 1 Unit)
Assumes Last Year of Tax Increment	2046	First \$500,000 1.00%
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	Over \$500,000 1.25%
Incremental or Total Fiscal Disparities	Incremental	Homestead Residential Class Rate (Hmstd. Res.)
Fiscal Disparities Contribution Ratio	24.8546%	First \$500,000 1.00%
Fiscal Disparities Metro-Wide Tax Rate	161.6537%	Over \$500,000 1.25%
Maximum/Frozen Local Tax Rate:	162.864% Pay 2018	Agricultural Non-Homestead 1.00%
Current Local Tax Rate: (Use lesser of Current or Max.)	162.864% Pay 2018	
State-wide Tax Rate (Comm./Ind. only used for total taxes)	43.8650% Pay 2018	
Market Value Tax Rate (Used for total taxes)	0.12529% Pay 2018	

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
91-033-2206	GR Development	2301 S. Hwy. 169	809,700	1,187,400	1,997,100	100%	1,997,100	Pay 2019	C/I Pref.	39,192	C/I Pref.	39,192		
			809,700	1,187,400	1,997,100		1,997,100				39,192		39,192	

Note:

1. Base values are for pay 2018 based upon a letter from the County Assessor dated 7.13.2018.



Sawmill Redevelopment - No Inflation

City of Grand Rapids, MN
 Estimated Build-out of Commercial Redevelopment of former Sawmill site

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1.06 acres	Commercial	120	120	6,000	720,000	C/I Pref.	13,650	2	0%	100%	100%	100%	2022
1.21 acres	Restaurant	120	120	9,000	1,080,000	C/I Pref.	20,850	2	75%	100%	100%	100%	2022
1.57 acres	Care Facility	120	120	15,000	1,800,000	C/I Pref.	35,250	2	75%	100%	100%	100%	2022
1.83 acres	Retail	120	120	15,000	1,800,000	C/I Pref.	35,250	2	0%	100%	100%	100%	2022
1.83 acres	Hotel	49,400	49,340	80	3,947,200	C/I Pref.	78,194	977	100%	100%	100%	100%	2021
TOTAL					9,347,200		183,194						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				45,080	9,347,200		183,194						

Note:

1. Market values are based upon estimates.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Commercial	13,650	3,393	10,257	16,706	5,484	5,330	902	28,422	4.74
Restaurant	20,850	5,182	15,668	25,517	8,377	8,488	1,353	43,735	4.86
Care Facility	35,250	8,761	26,489	43,141	14,163	14,804	2,255	74,363	4.96
Retail	35,250	8,761	26,489	43,141	14,163	14,804	2,255	74,363	4.96
Hotel	78,194	19,435	58,759	95,698	31,417	33,642	4,945	165,702	2,071.27
TOTAL	183,194	45,532	137,662	224,202	73,604	77,068	11,711	386,585	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	386,585
less State-wide Taxes	(77,068)
less Fiscal Disp. Adj.	(73,604)
less Market Value Taxes	(11,711)
less Base Value Taxes	(47,965)
Annual Gross TIF	176,237

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,997,100
New Market Value - Est.	9,347,200
Difference	7,350,100
Present Value of Tax Increment	2,671,639
Difference	4,678,461
Value likely to occur without Tax Increment is less than:	4,678,461



Sawmill Redevelopment - No Inflation

City of Grand Rapids, MN

Estimated Build-out of Commercial Redevelopment of former Sawmill site

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/20
														08/01/20
														02/01/21
100%	120,269	(39,192)	(20,151)	60,926	162.864%	99,226	49,613	(179)	(4,943)	44,491	39,916	0.5	2021	08/01/21
							49,613	(179)	(4,943)	44,491	78,763	1	2021	02/01/22
100%	184,562	(39,192)	(36,131)	109,239	162.864%	177,911	88,956	(320)	(8,864)	79,772	146,552	1.5	2022	08/01/22
							88,956	(320)	(8,864)	79,772	212,527	2	2022	02/01/23
100%	187,792	(39,192)	(36,934)	111,666	162.864%	181,864	90,932	(327)	(9,060)	81,544	278,162	2.5	2023	08/01/23
							90,932	(327)	(9,060)	81,544	342,041	3	2023	02/01/24
100%	191,079	(39,192)	(37,751)	114,136	162.864%	185,886	92,943	(335)	(9,261)	83,348	405,585	3.5	2024	08/01/24
							92,943	(335)	(9,261)	83,348	467,428	4	2024	02/01/25
100%	194,422	(39,192)	(38,582)	116,649	162.864%	189,979	94,989	(342)	(9,465)	85,183	528,942	4.5	2025	08/01/25
							94,989	(342)	(9,465)	85,183	588,809	5	2025	02/01/26
100%	197,825	(39,192)	(39,428)	119,205	162.864%	194,143	97,071	(349)	(9,672)	87,050	648,350	5.5	2026	08/01/26
							97,071	(349)	(9,672)	87,050	706,298	6	2026	02/01/27
100%	201,287	(39,192)	(40,288)	121,807	162.864%	198,379	99,190	(357)	(9,883)	88,949	763,926	6.5	2027	08/01/27
							99,190	(357)	(9,883)	88,949	820,012	7	2027	02/01/28
100%	204,809	(39,192)	(41,164)	124,454	162.864%	202,690	101,345	(365)	(10,098)	90,882	875,783	7.5	2028	08/01/28
							101,345	(365)	(10,098)	90,882	930,061	8	2028	02/01/29
100%	208,393	(39,192)	(42,054)	127,147	162.864%	207,077	103,538	(373)	(10,317)	92,849	984,030	8.5	2029	08/01/29
							103,538	(373)	(10,317)	92,849	1,036,554	9	2029	02/01/30
100%	212,040	(39,192)	(42,961)	129,888	162.864%	211,540	105,770	(381)	(10,539)	94,850	1,088,774	9.5	2030	08/01/30
							105,770	(381)	(10,539)	94,850	1,139,597	10	2030	02/01/31
100%	215,751	(39,192)	(43,883)	132,676	162.864%	216,081	108,041	(389)	(10,765)	96,887	1,190,121	10.5	2031	08/01/31
							108,041	(389)	(10,765)	96,887	1,239,293	11	2031	02/01/32
100%	219,527	(39,192)	(44,821)	135,513	162.864%	220,702	110,351	(397)	(10,995)	98,958	1,288,172	11.5	2032	08/01/32
							110,351	(397)	(10,995)	98,958	1,335,743	12	2032	02/01/33
100%	223,368	(39,192)	(45,776)	138,400	162.864%	225,404	112,702	(406)	(11,230)	101,067	1,383,028	12.5	2033	08/01/33
							112,702	(406)	(11,230)	101,067	1,429,046	13	2033	02/01/34
100%	227,277	(39,192)	(46,748)	141,338	162.864%	230,188	115,094	(414)	(11,468)	103,212	1,474,784	13.5	2034	08/01/34
							115,094	(414)	(11,468)	103,212	1,519,298	14	2034	02/01/35
100%	231,255	(39,192)	(47,736)	144,326	162.864%	235,056	117,528	(423)	(11,710)	105,394	1,563,536	14.5	2035	08/01/35
							117,528	(423)	(11,710)	105,394	1,606,590	15	2035	02/01/36
100%	235,302	(39,192)	(48,742)	147,367	162.864%	240,008	120,004	(432)	(11,957)	107,615	1,649,375	15.5	2036	08/01/36
							120,004	(432)	(11,957)	107,615	1,691,015	16	2036	02/01/37
100%	239,419	(39,192)	(49,766)	150,462	162.864%	245,048	122,524	(441)	(12,208)	109,875	1,732,391	16.5	2037	08/01/37
							122,524	(441)	(12,208)	109,875	1,772,660	17	2037	02/01/38
100%	243,609	(39,192)	(50,807)	153,610	162.864%	250,176	125,088	(450)	(12,464)	112,174	1,812,671	17.5	2038	08/01/38
							125,088	(450)	(12,464)	112,174	1,851,612	18	2038	02/01/39
100%	247,872	(39,192)	(51,867)	156,814	162.864%	255,393	127,697	(460)	(12,724)	114,513	1,890,300	18.5	2039	08/01/39
							127,697	(460)	(12,724)	114,513	1,927,953	19	2039	02/01/40
100%	252,210	(39,192)	(52,945)	160,073	162.864%	260,702	130,351	(469)	(12,988)	116,894	1,965,360	19.5	2040	08/01/40
							130,351	(469)	(12,988)	116,894	2,001,766	20	2040	02/01/41
100%	256,624	(39,192)	(54,042)	163,390	162.864%	266,104	133,052	(479)	(13,257)	119,316	2,037,932	20.5	2041	08/01/41
							133,052	(479)	(13,257)	119,316	2,073,130	21	2041	02/01/42
100%	261,115	(39,192)	(55,158)	166,765	162.864%	271,600	135,800	(489)	(13,531)	121,780	2,108,093	21.5	2042	08/01/42
							135,800	(489)	(13,531)	121,780	2,142,120	22	2042	02/01/43
100%	265,684	(39,192)	(56,294)	170,199	162.864%	277,192	138,596	(499)	(13,810)	124,287	2,175,919	22.5	2043	08/01/43
							138,596	(499)	(13,810)	124,287	2,208,813	23	2043	02/01/44
100%	270,334	(39,192)	(57,449)	173,692	162.864%	282,882	141,441	(509)	(14,093)	126,839	2,241,484	23.5	2044	08/01/44
							141,441	(509)	(14,093)	126,839	2,273,280	24	2044	02/01/45
100%	275,065	(39,192)	(58,625)	177,247	162.864%	288,672	144,336	(520)	(14,382)	129,435	2,304,859	24.5	2045	08/01/45
							144,336	(520)	(14,382)	129,435	2,335,593	25	2045	02/01/46
100%	279,878	(39,192)	(59,822)	180,865	162.864%	294,563	147,282	(530)	(14,675)	132,076	2,366,114	25.5	2046	08/01/46
							147,282	(530)	(14,675)	132,076	2,395,819	26	2046	02/01/47
Total							5,908,468	(21,270)	(588,720)	5,298,478				
Present Value From 08/01/2016							2,671,639	(9,618)	(266,202)	2,395,819				
Present Value Rate 5.50%														

Appendix E

Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

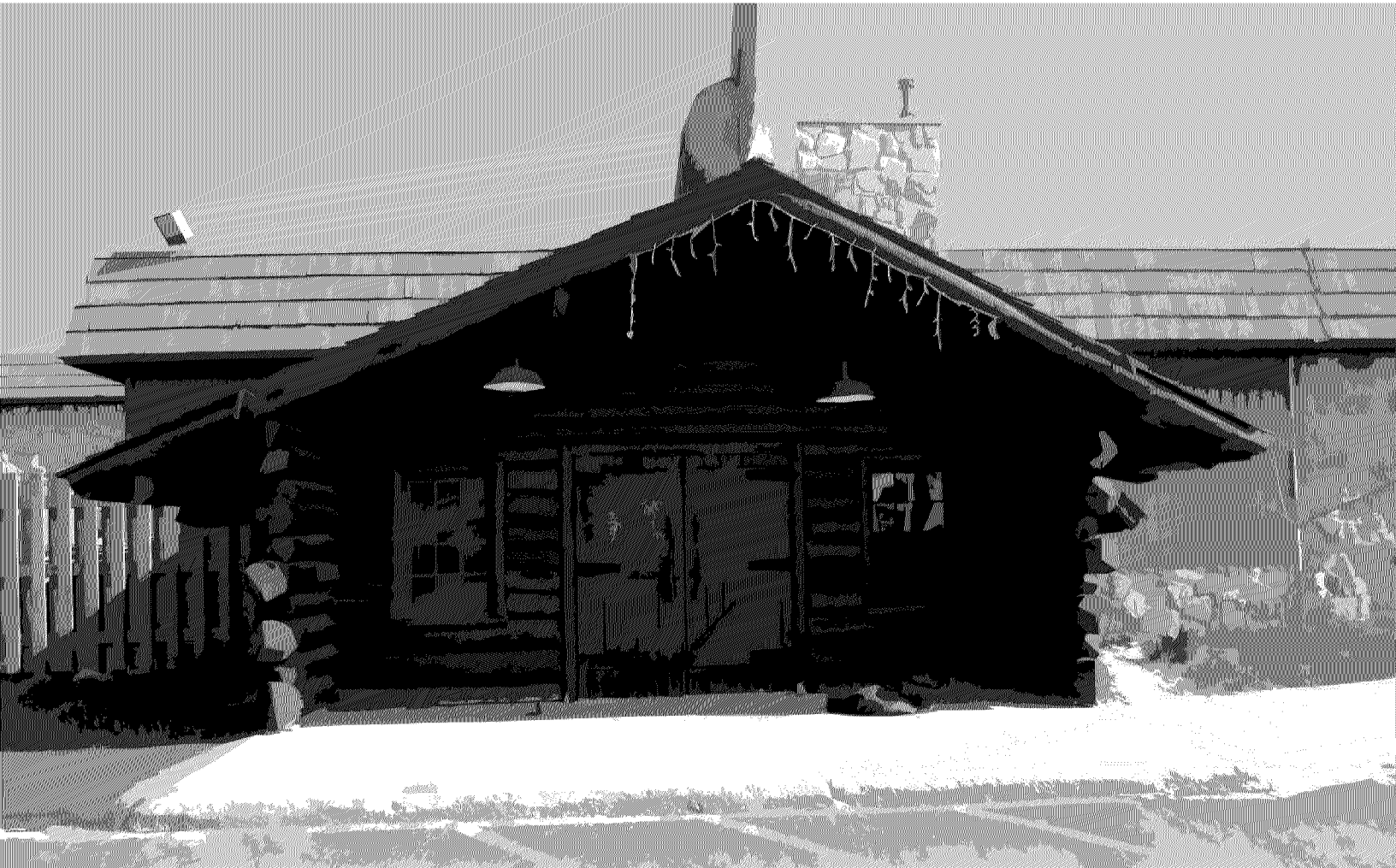
Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

Appendix F

Redevelopment Qualifications for the District

Report of Inspection Procedures and Results for
Determining Qualifications of a
Tax Increment Financing District as a Redevelopment District

Grand Rapids Sawmill Inn Redevelopment TIF District Grand Rapids, Minnesota



June 13, 2018

Prepared For the

City of Grand Rapids

Prepared by:



LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 180373

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PART 1 – EXECUTIVE SUMMARY

PURPOSE OF EVALUATION

LHB was hired by the City of Grand Rapids to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is located on the west side of South Highway 169 south of 21st Street Southwest (Diagram 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one (1) building on one (1) parcel, located within the proposed TIF District, meets the qualifications required for a Redevelopment District.

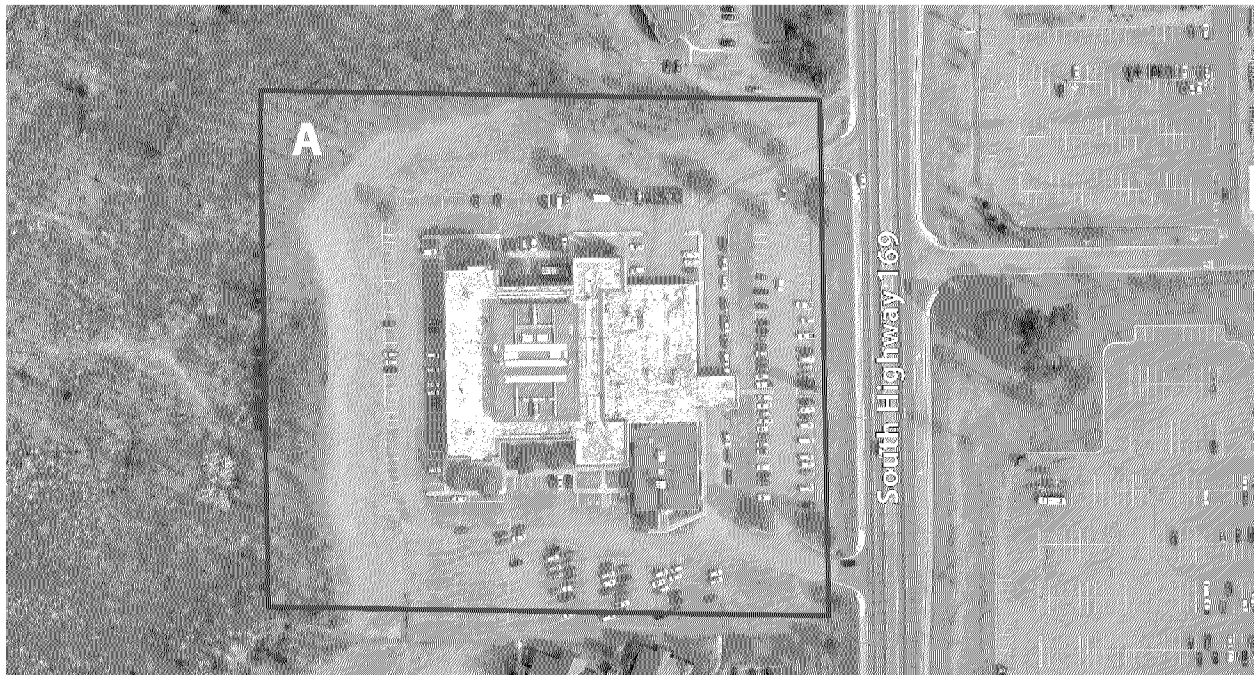


Diagram 1 – Proposed TIF District

SCOPE OF WORK

The proposed TIF District consists of one (1) parcel with one (1) building. One (1) building was inspected on May 11, 2018. A Building Code and Condition Deficiency Report for the building that was inspected is located in Appendix B.

CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.

- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

EXTERIOR INSPECTION AND OTHER MEANS

“An interior inspection of the property is not required, if the municipality finds that

- (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
- (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

DOCUMENTATION

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

A. COVERAGE TEST

...“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

B. CONDITION OF BUILDINGS TEST

Minnesota Statutes, Section 469.174, Subdivision 10(a) states, "...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: "For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."
 - a. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
2. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
- Chapter 13 of the 2015 *Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*." Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, "References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*..."
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.

- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

C. DISTRIBUTION OF SUBSTANDARD BUILDINGS

Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions, “reasonably distributed throughout the district.”

- (1) “Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
- (3) tank facilities, or property whose immediately previous use was for tank facilities...”

Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

PART 3 – PROCEDURES FOLLOWED

LHB inspected one (1) building during the day of May 11, 2018.

PART 4 – FINDINGS

A. COVERAGE TEST

1. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING:

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.

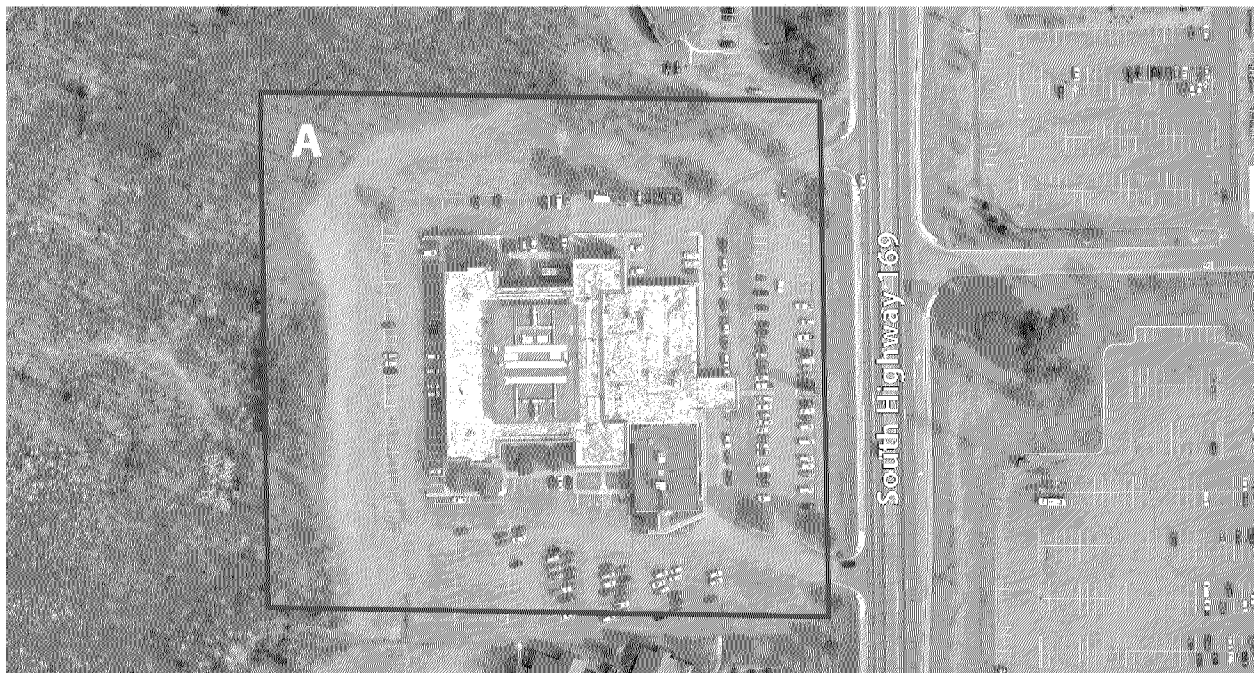


Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

B. CONDITION OF BUILDING TEST

1. BUILDING INSPECTION

The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

2. REPLACEMENT COST

The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2018.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Grand Rapids, Minnesota.

Replacement cost includes labor, materials, and the contractor’s overhead and profit. Replacement costs do not include architectural fees, legal fees or other “soft” costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

3. CODE DEFICIENCIES

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2018; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost

of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING:

One (1) out of one (1) buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

4. SYSTEM CONDITION DEFICIENCIES

If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be “structurally substandard” under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the building’s defects or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.

After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify “substantial renovation or clearance.”

FINDING:

In our professional opinion, one (1) out of one (1) buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

C. DISTRIBUTION OF SUBSTANDARD STRUCTURES

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by *Minnesota Statutes, Section 469.174, Subdivision 10*. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING:

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.

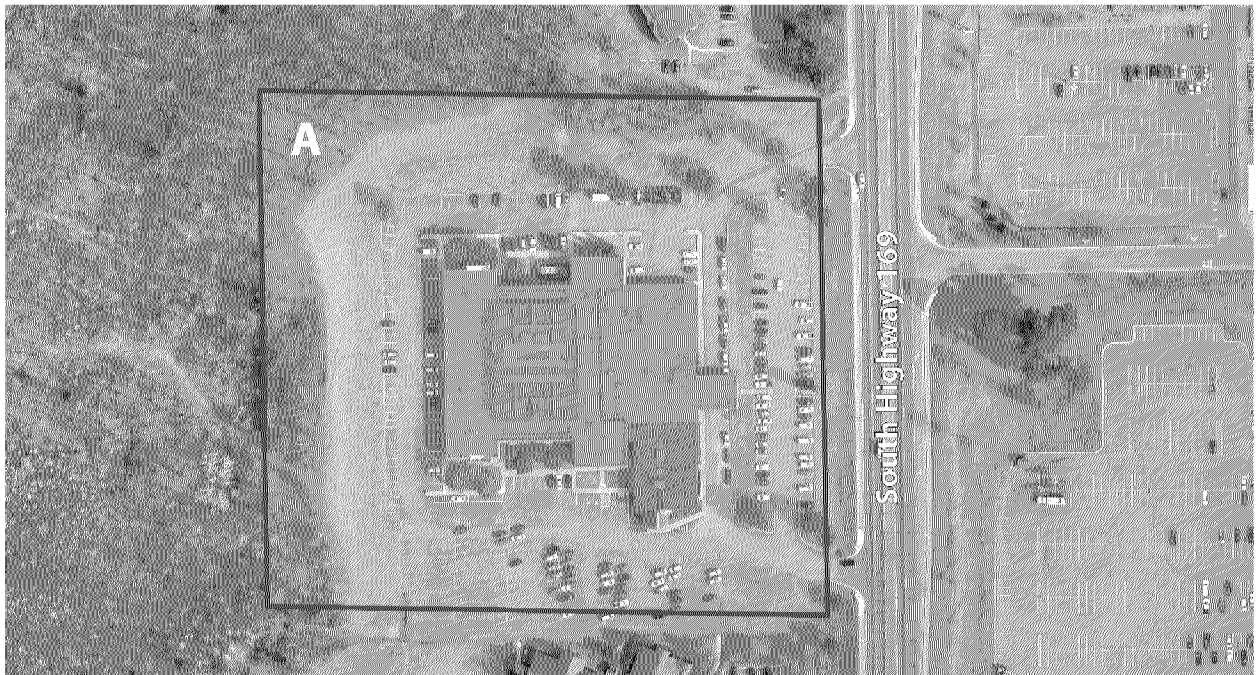


Diagram 3 – Substandard Buildings

Shaded green area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

PART 5 - TEAM CREDENTIALS

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 30 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization. Most recently, he served as Chair of the Edina, Minnesota planning commission and is currently a member of the Edina city council. Michael has also managed and designed several award-winning architectural projects, and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Philip Waugh – Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Thomas D. Fennessey – Inspector

Prior to joining the LHB team in early 2015, Tom served over 30 years in various positions within facilities management at the University of Wisconsin-Superior, including serving as Director of Facilities Management for over 10 years. His role in LHB's Superior office includes owner's representation, quality assurance of project delivery, construction management, Wisconsin business development, building assessments, plan reviews, and other facilities-related assessments and projects. He has served nearly eight years as a city councilor for the City of Superior and is currently city council president. In his various roles he has worked with both local and state levels of government in seeking new and revised legislation for both higher Ed and local government.

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APPENDICES

APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code and Condition Deficiencies Reports
APPENDIX C	Building Replacement Cost Reports Code Deficiency Cost Reports Photographs

APPENDIX A

Property Condition Assessment Summary Sheet

Grand Rapids Sawmill Inn Redevelopment TIF District

Property Condition Assessment Summary Sheet

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard	
A	91-033-2206	2301 SO HWY 169	Improved	Interior/Exterior	392,837	254,449	64.8%	392,837	1	\$8,676,393	\$1,301,459	\$1,660,649	1	1	
TOTALS					392,837				1				1	1	
Total Coverage Percent:								100.0%							
Percent of buildings exceeding 15 percent code deficiency threshold:												100.0%			
Percent of buildings determined substandard:												100.0%			

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Appendix G

Findings Including But/For Qualifications

But-For Analysis	
Current Market Value	\$1,997,100
New Market Value - Estimate	<u>\$9,347,200</u>
Difference	\$7,350,100
Present Value of Tax Increment	<u>\$2,671,639</u>
Difference	\$4,678,461
Value Likely to Occur Without TIF is Less Than:	\$4,678,461

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (the “TIF Plan”) for Tax Increment Financing District No. 1-11 (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-11 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10(a)(1).*

The District consists of 1 parcel, with plans to redevelop the area for commercial purposes. At least 70 percent of the area of the parcel in the District is occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix F of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.*

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: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcel currently occupied by substandard buildings, the limited amount of commercial property for expansion adjacent to the existing project, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance. (See attachment in Appendix G of the TIF Plan.)

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 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 District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$7,350,100 (see Appendix D and G of the TIF Plan)
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,671,639 (see Appendix D and G of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$4,678,461 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan on and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Municipal Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0619 **Version:** 1 **Name:**
Type: Agenda Item **Status:** Public Hearing
File created: 9/20/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider adopting a resolution approving a Contract for Private Redevelopment with Rebound Hospitality, LLC and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its Tax Increment Revenue Note.

Sponsors:

Indexes:

Code sections:

Attachments: [Grand Rapids Sawmill Inn Resolution Approving CPD - 537337v1](#)
[Grand Rapids Sawmill Redevelopment CPD - 535028v6](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution approving a Contract for Private Redevelopment with Rebound Hospitality, LLC and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its Tax Increment Revenue Note.

Background Information:

The attached Contract was developed and approved by the City's economic development legal counsel at the firm of Kennedy and Graven, Chartered. The terms within this contract have been consented to by the developer and their legal counsel.

Requested City Council Action

Consider adopting a resolution approving a Contract for Private Redevelopment with Rebound Hospitality, LLC and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its Tax Increment Revenue Note.

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION APPROVING CONTRACT FOR PRIVATE REDEVELOPMENT WITH REBOUND HOSPITALITY, LLC AND AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT REVENUE NOTE

BE IT RESOLVED BY the City Council (“Council”) of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization.

(a) The City has heretofore approved the establishment of its Tax Increment Financing District 1-11 (the “TIF District”), a redevelopment district, within the City’s Development District No. 1. (“Project”), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Project in accordance with Minnesota Statutes, Sections 469.124 through 469.133, as amended, and 469.174 through 469.1794, as amended.

(b) Pursuant to Minnesota Statutes, Section 469.178, the City is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Project. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds.

1.02. Approval of Contract; Issuance, Sale, and Terms of the Note.

(a) The City on this date has considered a Contract for Private Redevelopment (the “Agreement”) between the City and Rebound Hospitality, LLC, or an affiliate hereof (the “Owner”). Pursuant to the Agreement, the Owner has proposed to acquire certain property within the TIF District, demolish an existing building thereon, and construct a hotel containing approximately 82 rooms (the “Minimum Improvements”).

(b) Pursuant to the Agreement, the City has proposed to issue a Tax Increment Revenue Note (the “Note”) in the maximum principal amount of \$1,250,000 to reimburse the Owner for certain qualified costs relating to the Minimum Improvements.

(c) The City hereby approves the Agreement and authorizes the Mayor and City Administrator of the City to execute such Agreement in substantially the form on file with the City, subject to modifications that do not alter the substance of the transaction and are approved by such officials, provided that execution of the Agreement by such officials is conclusive evidence of their approval. All capitalized terms in this resolution have the meaning provided in

the Agreement unless the context requires otherwise. City staff and officials are authorized to take all actions necessary to perform the City's obligations under the Agreement as a whole, including without limitation execution of any documents to which the City is a party referenced in or attached to the Agreement, all as described in the Agreement.

(d) The City hereby finds and determines that it is in the best interests of the City that it issue and sell the Note. The Note shall be issued in the maximum aggregate principal amount of \$1,250,000 to the Owner in consideration of certain eligible Redevelopment Costs incurred by the Owner under the Agreement, shall be dated the date of delivery thereof, and shall bear interest at the rate of 5.5%, from the date of issue per annum to the earlier of maturity or prepayment. The Note will be issued in the principal amount of Redevelopment Costs submitted and approved in accordance with Section 3.3 of the Agreement. The Note is secured by Available Tax Increment, as further described in the form of the Note herein. The City hereby delegates to the City Administrator the determination of the date on which the Note is to be delivered, in accordance with Section 3.3 of the Agreement.

(e) The City hereby authorizes the Mayor and City Administrator to issue the Note in accordance with the terms of the Agreement.

Section 2. Form of Note. The Note shall be in substantially the form attached hereto as **Exhibit A**, with the blanks to be properly filled in and the principal amount adjusted as of the date of issue.

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1.

The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The City hereby appoints the City Finance Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably

satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the City has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the City, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The City and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of its Mayor and City Administrator. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note has been so executed, it shall be delivered by the City Administrator to the Owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The City hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the City shall maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of and interest on the Note. The City irrevocably agrees to appropriate to the Bond Fund on or before each Payment Date the Available Tax Increment in an amount equal to the Payment then due, or the actual Available Tax Increment, whichever is less. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the City’s account for the TIF District upon the termination of the Note in accordance with its terms.

4.03. Additional Obligations. The City will issue no other obligations secured in whole or in part by Available Tax Increment unless such pledge is on a subordinate basis to the pledge on the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the City are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the City, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon full execution of the Agreement.

Adopted by the City Council of the City of Grand Rapids, Minnesota this 24th day of August, 2018.

Mayor

ATTEST

City Clerk

EXHIBIT A

FORM OF TIF NOTE

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF ITASCA
CITY OF GRAND RAPIDS, MINNESOTA

No. R-1

\$ _____

TAX INCREMENT REVENUE NOTE
SERIES 20__

<u>Rate</u>	<u>Date of Original Issue</u>
5.5%	_____, 20__

The City of Grand Rapids, Minnesota (the “City”) for value received, certifies that it is indebted and hereby promises to pay to Rebound Hospitality, LLC or registered assigns (the “Owner”), the principal sum of \$ _____ and to pay interest thereon at the rate of five percent (5.5%) per annum, solely from the sources and to the extent set forth herein. Capitalized terms shall have the meanings provided in the Contract for Private Redevelopment between the City and the Owner, dated as of September __, 2018 (the “Agreement”), unless the context requires otherwise.

1. Payments. Principal and interest (“Payments”) shall be paid on August 1 of the first calendar year in which Available Tax Increment has been paid to the City by Itasca County, and on each February 1 and August 1 thereafter to and including February 1, 2046 following the first Payment (“Payment Dates”) in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal. Simple interest shall accrue from the date of issue through and including the first February 1 Payment Date.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon thirty (30) days written notice to the City. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein shall accrue on the unpaid principal, commencing on the date of original issue. Interest shall be computed on the basis of a year of 360 days consisting of 12 months of 30 days, and charged for actual days principal is unpaid.

3. Available Tax Increment. (a) Payments on this Note are payable on each Payment Date solely from and in the amount of Available Tax Increment, which shall mean, on each Payment Date, ninety percent (90%) of the Tax Increment attributable to the Minimum Improvements and Redevelopment Property that is paid to the City by Itasca County in the six months preceding the Payment Date.

(b) The City shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment and the failure of the City to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the City pays principal and interest hereon to the extent of Available Tax Increment. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after February 1, 2046.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the City may withhold from payments hereunder under all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, within thirty (30) days after the Event of Default is cured. If the Event of Default is not cured in a timely manner, the City may terminate this Note by written notice to the Owner in accordance with the Agreement.

5. Prepayment. The principal sum and all accrued interest payable under this Note is prepayable 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 Note.

6. Lookback. In the event that the principal amount of this Note is reduced in accordance with the lookback provision of Section 3.3(f) of the Agreement, upon request of the Owner, the Authority will deliver to the Owner a statement of the outstanding principal balance of the Note. In addition, upon the written request of the City, the Owner shall deliver the Note to the City in exchange for a new Note in the adjusted principal amount.

7. Nature of Obligation. This Note is one of an issue in the total principal amount of \$ _____, issued to aid in financing certain redevelopment costs and administrative costs of a Project undertaken by the City pursuant to Minnesota Statutes, Sections 469.124 through 469.133, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the City on September 24, 2018, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended. This Note is a limited obligation of the City which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note 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 this Note or other costs incident hereto except out of Available 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 this Note or other costs incident hereto.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the City kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the City, duly executed by the Owner, and an investment letter executed by the transferee in a form satisfactory to the City. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the City with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

Except as otherwise provided in Section 3.3(d) of the Agreement, this Note shall not be transferred to any person or entity, unless the City has provided written consent to such transfer.

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 exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the City according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the City Council of the City of Grand Rapids, Minnesota have caused this Note to be executed with the manual signatures of its Mayor and City Administrator, all as of the Date of Original Issue specified above.

**CITY OF GRAND RAPIDS,
MINNESOTA**

City Administrator

Mayor

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

Date of
Registration

_____, 20__

Registered Owner

Rebound Hospitality, LLC

Federal Tax I.D No. _____

Signature of
City Finance Director

Fourth Draft
September 20, 2018

CONTRACT FOR PRIVATE REDEVELOPMENT

By and Between

CITY OF GRAND RAPIDS, MINNESOTA

and

REBOUND HOSPITALITY, LLC

Dated as of: September __, 2018

This document was drafted by:
KENNEDY & GRAVEN, Chartered (GAF)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

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CONTRACT FOR PRIVATE REDEVELOPMENT

THIS AGREEMENT, made on or as of the _____ day of September, 2018, by and between CITY OF GRAND RAPIDS, MINNESOTA, a Minnesota municipal corporation (the “City”); and REBOUND HOSPITALITY, LLC, a Minnesota limited liability company (“Redeveloper”).

WITNESSETH:

WHEREAS, the City has undertaken a program to promote economic development and job opportunities and to promote the redevelopment of land which is underutilized within the City, and in this connection created Development District No. 1 (hereinafter referred to as the “Project”) in an area (hereinafter referred to as the “Project Area”) located in the City, and has established Tax Increment Financing District No. 1-11 (the “TIF District”) within the Project Area, all pursuant to Minnesota Statutes, Sections 469.124 to 469.133, as amended (the “Act”) and Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “Tax Increment Act”); and

WHEREAS, pursuant to the Act and the Tax Increment Act, the City is authorized to undertake certain activities to prepare such real property for development and redevelopment by private enterprise; and

WHEREAS, the Redeveloper intends to acquire certain property (the “Redevelopment Property”) in the Project Area to develop on that property the Minimum Improvements (as hereinafter defined); and

WHEREAS, the City believes that the redevelopment of the Redevelopment Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken and is being assisted.

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. In this Agreement, unless a different meaning clearly appears from the context:

“Act” means the Municipal Development Act, Minnesota Statutes, Sections 469.124 to 469.133, as amended.

“Affiliate” means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling”, “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of fifty percent (50%) or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

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

“Authorizing Resolution” means the resolution of the City, substantially in the form of attached Schedule B to be adopted by the City to authorize the issuance of the Note, and approve the execution of this Agreement.

“Available Tax Increment” has the meaning provided in the Authorizing Resolution.

“Business Day” means any day except a Saturday, Sunday, legal holiday, a day on which the City is closed for business, or a day on which banking institutions in the City are authorized by law or executive order to close.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

“Certificate of Completion” means the certification provided to Redeveloper, or the purchaser of any part, parcel or unit of the Redevelopment Property, pursuant to Section 4.4 of this Agreement.

“City” means the City of Grand Rapids, Minnesota.

“City Representative” means the City Administrator of the City, or any person designated by the City Administrator to act as the City Representative for the purposes of this Agreement.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by Redeveloper on the Redevelopment Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate officials of the City, and (b) shall include at least the following: (1) site plan; (2) landscape plan; and (3) such other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means the County of Itasca, Minnesota.

“Development District” means the City’s Development District No. 1.

“Event of Default” means an action by Redeveloper listed in Article IX of this Agreement.

“Holder” means the owner of a Mortgage.

“IRRR” means the Minnesota Department of Iron Range Resources and Rehabilitation.

“IRRR Grant” means the grant described in Section 3.6 hereof.

“Lookback Costs” means the costs shown under the heading Uses/development costs in the Expected Sources and Uses attached hereto as Schedule D.

“Minimum Improvements” means the demolition of an existing building on the Redevelopment Property and the construction on the Redevelopment Property of a hotel containing approximately 82 rooms.

“Mortgage” means any mortgage made by the Redeveloper which is secured, in whole or in part, with the Redevelopment Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“Note” means a pay-as-you-go Tax Increment Revenue Note, substantially in the form contained in the Authorizing Resolution, to be delivered by the City to the Redeveloper in accordance with Section 3.3 hereof to reimburse the Redeveloper for Redevelopment Costs.

“Redeveloper” means Rebound Hospitality, LLC, or its permitted successors and assigns.

“Redevelopment Costs” has the meaning provided in Section 3.3(a) hereof.

“Redevelopment Property” means the real property so described in Schedule A attached hereto.

“State” means the State of Minnesota.

“Tax Official” means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Tax Increment” means that portion of the real property taxes that is paid with respect to the Redevelopment Property and that is remitted to the City by the County as tax increment pursuant to the Tax Increment Act.

“Tax Increment Act” or “TIF Act” means Minnesota Statutes, Sections 469.174 to 469.1749, as amended.

“Tax Increment District” or “TIF District” means the Tax Increment Financing District No. 1-11, approved by the City Council on September 24, 2018.

“Tax Increment Plan” or “TIF Plan” means the Tax Increment Financing Plan for the TIF District approved by the City Council on September 24, 2018, and as it may be amended.

“Termination Date” means the earlier of the following: (a) the date of receipt by the City of the final payment from Itasca County of Tax Increments from the Tax Increment District, (b) the date when the Note has been fully paid, defeased or terminated in accordance with its terms; or (c) the date of termination of the Note and this Agreement by the City due to an Event of Default as set forth in Section 9.2 hereof.

“Transfer” has the meaning set forth in Section 8.2(a) hereof.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the City in exercising their rights under this Agreement), including without limitation condemnation or threat of condemnation of any portion of the Redevelopment Property, which directly result in delays. Unavoidable Delays shall not include delays experienced by the Redeveloper in obtaining permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 4.3 of this Agreement, so long as the Construction Plans have been approved in accordance with Section 4.2 hereof.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is a statutory city duly organized and existing under the laws of the State. Under the provisions of the Act and the TIF Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) This Agreement has been duly executed and delivered by the City and such execution, delivery and performance by the City does not conflict with or result in a violation of any judgment, order, or decree of any court to which the City is a party or by which it is bound. This Agreement contains the valid and binding obligations of the City and is enforceable in accordance with its terms.

(c) The activities of the City are undertaken for the purpose of fostering the redevelopment of certain real property that is occupied by substandard and obsolete buildings, which will revitalize this portion of the Project Area, increase tax base, and provide additional services to City residents.

(d) The City has no knowledge of any unrecorded agreements, undertakings or restrictions which affect the Redevelopment Property. There are no tenants, persons or entities occupying any portion of the Redevelopment Property and no claim exists against any portion of the Redevelopment Property by reason of adverse possession or prescription.

Section 2.2. Representations and Warranties by Redeveloper. Redeveloper represents and warrants that:

(a) Redeveloper is a limited liability company duly formed and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its organizational documents or bylaws or, to the best of its knowledge, the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its members.

(b) Redeveloper will construct, operate and maintain the Minimum Improvements, or cause the same to be constructed, operated and maintained, in accordance with the terms of this Agreement, the Development Plan and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) Redeveloper has received no written notice or communication from any local, state or federal official that the activities of Redeveloper or the City in the Development District would be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). Redeveloper is aware of no facts the existence of which would cause the Redevelopment Property to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) Redeveloper will construct, or cause to be constructed, the Minimum Improvements in accordance with all applicable local, state or federal energy-conservation laws or regulations.

(e) Redeveloper will timely apply for and diligently pursue 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 Minimum Improvements may be lawfully constructed.

(f) 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 provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Redeveloper is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) The proposed redevelopment by the Redeveloper hereunder would not occur but for the tax increment financing assistance being provided by the City hereunder.

ARTICLE III

Property Acquisition; Public Redevelopment Costs

Section 3.1. Status of Redevelopment Property. The Redevelopment Property consists of the property described in Schedule A. As of the date of this Agreement, the Redeveloper has entered into a purchase agreement to acquire the Redevelopment Property. The City has no obligation to acquire the Redevelopment Property.

Notwithstanding anything in this Agreement to the contrary, if the Redeveloper does not acquire the Redevelopment Property by September 30, 2019, the Redeveloper may at its option terminate this Agreement by providing thirty (30) days written notice to the City. In the event of such termination, the requirements of Section 3.5 shall survive.

Section 3.2. Environmental Conditions. (a) The Redeveloper acknowledges that the City makes no representations or warranties as to the condition of the soils or existing structures on the Redevelopment Property or the fitness of the Redevelopment Property for construction of the Minimum Improvements or any other purpose for which the Redeveloper may make use of such property, and that the assistance provided to the Redeveloper under this Agreement neither implies any responsibility by the City for any contamination of the Redevelopment Property nor imposes any obligation on such parties to participate in any cleanup of the Redevelopment Property.

(c) Without limiting its obligations under Section 8.3 of this Agreement the Redeveloper further agrees that it will indemnify, defend, and hold harmless the City, and its governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Redevelopment Property (including without limitation any asbestos in any existing building). Nothing in this section will be construed to limit or affect any limitations on liability of the City under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.3. Issuance of Note. (a) *Generally*. The City has determined that, in order to make development of the Minimum Improvements financially feasible, it is necessary to reimburse Redeveloper for a portion of the cost of land acquisition and demolition costs in excess of the proceeds of the IRRR Grant (collectively referred to as "Redevelopment Costs") related to the Redevelopment Property, subject to the terms of this Section.

(b) *Terms*. To reimburse the Redevelopment Costs incurred by Redeveloper, the City shall issue and the Redeveloper shall purchase the Note in the maximum principal amount of \$1,250,000. In the event that the evidence submitted by the Redeveloper in accordance with paragraph (b)(i) hereof shows Redevelopment Costs incurred in an amount less than \$1,250,000, the amount of the TIF Note shall be reduced on a dollar for dollar basis. The City shall issue and deliver the Note upon Redeveloper having:

(i) delivered to the City written evidence satisfactory to the City that Redeveloper has incurred Redevelopment Costs, which evidence must include copies of the paid invoices or other comparable evidence for costs of allowable Redevelopment Costs;

- (ii) submitted evidence of financing in accordance with Section 7.1;
- (iii) having submitted and obtained City approval of the Construction Plans for the Minimum Improvements; and
- (iv) delivered to the City an investment letter in a form reasonably satisfactory to the City.

The terms of the Note will be substantially those set forth in the form of the Note shown in Schedule B, and the Note will be subject to all terms of the Authorizing Resolution, which is incorporated herein by reference.

(c) *Termination of right to Note.* All conditions for delivery of the Note must be met by no later than five (5) years after the date of certification of the TIF District by the County, in compliance with the so-called five-year rule under Section 469.1763, subd. 3(c) of the TIF Act. If the conditions for delivery of the Note are not satisfied by the date described in this paragraph, the City has no further obligations under this Section 3.3.

(d) *Assignment of Note.* The City acknowledges that the Redeveloper may assign the Note to a third party. The City consents to such an assignment, conditioned upon receipt of a written instrument of transfer satisfactory to the City approving such transfer and an investment letter from such third party in a form reasonably acceptable to the City. The parties agree that the Redeveloper may assign its obligations under this Agreement upon compliance with the terms of Section 8 hereof, but in the case of such assignment, the Redeveloper shall be entitled to retain the Note.

(e) *Qualifications.* The Redeveloper understands and acknowledges that all Redevelopment Costs must be paid by the Redeveloper and will be reimbursed solely from Available Tax Increment pursuant to the terms of the Note. The City makes no representations or warranties regarding the amount of Tax Increment, or that revenues pledged to the Note will be sufficient to pay the principal and interest on the Note. Any estimates of Tax Increment prepared by the City or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the City, and are not intended as representations on which the Redeveloper may rely. Redevelopment Costs exceeding the principal amount of the Note are the sole responsibility of Redeveloper.

(f) *TIF Lookback.* (i) The financial assistance to the Redeveloper under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Minimum Improvements. The City and the Redeveloper agree that those assumptions will be reviewed at the times described in this Section, and that the amount of Tax Increment assistance provided under this Section 3.3 will be adjusted accordingly.

(ii) At the time of completion of construction of the Minimum Improvements, the Redeveloper shall submit evidence satisfactory to the City of each of the Lookback Costs shown in Schedule D. Such evidence must include copies of the paid invoices or other comparable evidence

for each of the Lookback Costs. If the amount of aggregate actual Lookback Costs incurred is less than the aggregate amount of Lookback Costs projected in Schedule D, the assistance will be reduced on a dollar for dollar basis in the amount of such deficiency and the principal amount of the TIF Note will be adjusted accordingly. Upon such adjustment, the Redeveloper shall deliver the TIF Note to the City in exchange for a new TIF Note in the adjusted principal amount upon the City's written request. In no event shall the Redeveloper increase the line amount for the cost of the Rebound Development OH/Fee shown on Schedule D to account for any decrease in other Lookback Costs.

Section 3.4. Business Subsidy. The Redeveloper warrants and represents that the Redeveloper's investment in the purchase of the Redevelopment Property and in site preparation equals at least 70% of the County assessor's finalized market value of the Redevelopment Property for the 2018 assessment year, calculated as follows:

Aggregate cost of acquisition of Redevelopment Property	\$2,376,306
<i>Plus</i> estimated cost of site preparation.	\$ 600,000
<i>Less</i> site preparation costs reimbursed by the City and from the IRRR Grant	<u>(\$1,350,000)</u>
<i>Equals</i> net land and site preparation cost.	\$1,626,306
Assessor's market value of Redevelopment Property (2018).....	\$1,997,100

\$1,626,306 (net acquisition and site preparation cost) is 81.43% of \$1,997,100 (assessor's fair market value of the Redevelopment Property for 2018).

Accordingly, the parties agree and understand that the financial assistance described in this Agreement does not constitute a business subsidy within the meaning of the Business Subsidy Act. The Redeveloper releases and waives any claim against the City and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the City failed to comply with the Business Subsidy Act with respect to this Agreement.

Section 3.5. Payment of City Costs. The Redeveloper agrees that it will pay, within fifteen (15) days after written notice from the City, the reasonable costs of consultants and attorneys retained by the City in connection with the creation of the TIF District and the negotiation in preparation of this Agreement and other incidental agreements and documents related to the development contemplated hereunder. The City will provide written reports describing the costs accrued under this Section upon request from the Redeveloper, but not more often than intervals of forty-five (45) days. Any amount deposited by the Redeveloper upon filling its application for tax increment financing with the City will be credited to the Redeveloper's obligation under this Section. Upon termination of this Agreement in accordance with its terms, the Redeveloper remains obligated under this section for costs incurred through the effective date of termination.

Section 3.6. Grant Disbursement. (a) To finance a portion of the costs (the “Grant-Eligible Costs”) of necessary demolition and hazardous material abatement on the Redevelopment Property (the “Grant-Eligible Activities”), the City has applied for a grant from the IRRR in the maximum amount of \$100,000 (the “IRRR Grant”). If the City receives all or a portion of the IRRR Grant, the remaining paragraphs of this Section will apply.

(b) The City will pay or reimburse the Redeveloper for Grant-Eligible Costs from and to the extent of proceeds of the IRRR Grant, when and if received, in accordance with the terms of the approved and executed grant agreement with the IRRR (“Grant Agreement”) and the terms of this Section. **Notwithstanding anything to the contrary herein, if Grant-Eligible Costs exceed the amount to be reimbursed under this Section, such excess shall be the sole responsibility of the Redeveloper (except to the extent reimbursable from Tax Increment).**

(c) The Redeveloper will be the general contractor for the Grant-Eligible Activities on the Redevelopment Property. When selecting a contractor to perform the Grant-Eligible Activities, the Redeveloper shall comply with all requirements of Minnesota Statutes, Section 471.354 (the “Public Bidding Act”) as directed by the City. The Redeveloper’s compliance with the Public Bidding Act shall be determined by the City in its sole discretion.

(c) All disbursements from the proceeds of the IRRR Grant will be made by the City to the Redeveloper subject to the following conditions precedent that on the date of such disbursement:

(1) The City has received a written statement from the Redeveloper’s authorized representative certifying with respect to each payment: (a) that none of the items for which the payment is proposed to be made has formed the basis for any payment previously made under this Section or under Section 3.3 (or before the date of this Agreement); (b) that each item for which the payment is proposed is a Grant-Eligible Cost; and (c) that the Redeveloper reasonably anticipates completion of the Grant-Eligible Activities in accordance with the terms of this Agreement.

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

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

(4) Redeveloper has submitted, and the City has approved, Construction Plans for the Minimum Improvements in accordance with Article IV hereof.

(5) Redeveloper has submitted paid invoices or other comparable evidence satisfactory to the City to demonstrate that the Grant-Eligible Cost has been incurred and paid or is payable by the Redeveloper.

(d) Whenever the Redeveloper desires a disbursement to be made hereunder, which shall be no more often than monthly, the Redeveloper shall submit to the City a draw request in the form approved by the IRRR to the City. Each draw request shall constitute a representation and warranty by the Redeveloper that all representations and warranties set forth in this Agreement are true and correct as of the date of such draw request. After submission of the draw request, if the Redeveloper has performed all of its agreements and complied with all requirements to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in Article III hereof, the City shall make a disbursement to the Redeveloper in the amount of the requested disbursement or such lesser amount as shall be approved, within thirty (30) Business Days after the date of the City's receipt of the draw request, or, if later, upon receipt of grant proceeds from the IRRR. Each disbursement shall be paid from the proceeds of the IRRR Grant, subject to the City's and the IRRR's determination that the relevant Grant-Eligible Cost is payable from the IRRR Grant under the Grant Agreement.

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

(f) The City may, in its sole discretion, without notice to or consent from any other party, waive any or all conditions for disbursement set forth in this section. However, the making of any disbursement prior to fulfillment of any condition therefor shall not be construed as a waiver of such condition, and the City shall have the right to require fulfillment of any and all such conditions prior to authorizing any subsequent disbursement.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. Subject to its acquisition of the Redevelopment Property, the Redeveloper agrees that it will construct or cause construction of the Minimum Improvements on the Redevelopment Property in accordance with the approved Construction Plans and that it will, during the term of this Agreement, during any period while the Redeveloper retains ownership of any portion of the Minimum Improvements, operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Construction Plans. (a) Before commencement of construction of the Minimum Improvements, Redeveloper shall submit to the City Construction Plans. The City will approve such Construction Plans in writing if: (i) such Construction Plans conform to the terms and conditions of this Agreement; (ii) such Construction Plans conform to the goals and objectives of the Development Plan; (iii) such Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) such Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to Redeveloper for construction of the Minimum Improvements; and (vi) no Event of Default on the part of the Redeveloper has occurred. No approval by the City shall relieve Redeveloper of the obligation to comply with the terms of this Agreement or of the Development Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the City shall constitute a waiver of an Event of Default. The Construction Plans submitted by Redeveloper in writing shall be deemed approved unless rejected in writing by the City, in whole or in part within thirty (30) days of the receipt thereof. Such rejections shall set forth in detail the reasons therefore, and shall be made within thirty (30) days after the date of their receipt by the City. If the City rejects any Construction Plans in whole or in part, Redeveloper shall submit new or corrected Construction Plans within ten (10) days after written notification to Redeveloper of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City. The City's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the City's satisfaction with the provisions of this Agreement relating thereto.

The Redeveloper hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the City and/or any changes in the Construction Plans requested by the City. Neither the City, nor any employee or official of the City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the City.

(b) If Redeveloper desires to make any material change in the Construction Plans after their approval by the City, Redeveloper shall submit the proposed change to the City for its approval. If the Construction Plans, as modified by the proposed change, substantially conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify Redeveloper in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to Redeveloper, setting forth in detail the reasons therefor. Such rejection shall be made within thirty (30) days after receipt of the notice of such change. The City's approval of any such change in the Construction Plans will not be unreasonably withheld, conditioned, or delayed.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of the Minimum Improvements by September 30, 2019, and substantially complete construction of the Minimum Improvements by December 31, 2020. All work with respect to the Minimum Improvements to be constructed on the Redevelopment Property shall substantially conform to the Construction Plans as submitted by Redeveloper and approved by the City.

Redeveloper agrees for itself, its successors and assigns, and every successor in interest to the Redevelopment Property, or any part thereof, that Redeveloper, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Redevelopment Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section 4.3 of this Agreement. Subsequent to conveyance of the Redevelopment Property, or any part thereof, to Redeveloper, and until construction of the Minimum Improvements has been completed, Redeveloper shall make reports, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of Redeveloper with respect to such construction.

Section 4.4. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of Redeveloper to construct the Minimum Improvements (including the dates for commencement and completion thereof), the City will furnish Redeveloper with an appropriate instrument so certifying, in substantially the form attached as Schedule C (the "Certificate of Completion"). Such certification by the City shall be a conclusive determination of the satisfaction and termination of the agreements, covenants and conditions of Articles III and IV of this Agreement related to construction of the Minimum Improvements and the dates of commencement and completion thereof. Such Certificate of Completion and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Redeveloper to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) The Certificate of Completion shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the City shall refuse or fail to provide the Certificate of Completion in accordance with the provisions of this Section 4.4, the City shall, within thirty (30) days after

written request by Redeveloper, provide Redeveloper with a written statement, indicating in adequate detail in what respects Redeveloper has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the City, for Redeveloper to take or perform in order to obtain such Certificate of Completion.

(c) The construction of the Minimum Improvements shall be deemed to have commenced upon commencement of grading of the Redevelopment Property, and shall be deemed to be substantially completed upon final inspection by the City and issuance of a certificate of occupancy.

Section 4.5. Other Improvements on Redevelopment Property. After approval of the TIF Plan, the Redeveloper's intent is to subdivide the Redevelopment Property into 5 separate parcels. The Minimum Improvements shall be located on one of the parcels resulting from such subdivision. The Redeveloper intends to redevelop the remaining parcels resulting from such subdivision (the "Remaining Parcels") of the Redevelopment Property with a mix of commercial, retail, restaurant, and office uses. The Redeveloper agrees to sell two (2) Remaining Parcels within five (5) years from the date of execution of this Agreement and the other two (2) Remaining Parcels within seven (7) years from the date of execution of this Agreement to third parties for redevelopment. The Redeveloper understands and agrees that the redevelopment of the Remaining Parcels may generate additional Available Tax Increment and that the Available Tax Increment generated solely from the Minimum Improvements may not be sufficient to pay the full principal and interest on the TIF Note. Such additional Available Tax Increment will be pledged to the repayment of the TIF Note and may result in earlier repayment thereof. In no event, shall the City provide any additional tax increment financing assistance to the Redeveloper for the redevelopment of Remaining Parcels.

ARTICLE V

Insurance

Section 5.1. Insurance. (a) Redeveloper will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish the City with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy.

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Workers' compensation insurance, with statutory coverage, provided that the Redeveloper may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Redeveloper shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City, but no more frequently than annually, shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Comprehensive general public liability insurance, including personal injury liability, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000.

(iii) Workers' compensation insurance with statutory coverage, provided that the Redeveloper may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Redeveloper which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the

Redeveloper will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Redeveloper and the City at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Redeveloper shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Redeveloper agrees to notify the City immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Redeveloper will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Redeveloper will apply the net proceeds of any insurance relating to such damage received by the Redeveloper to the payment or reimbursement of the costs thereof.

The Redeveloper shall complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the net proceeds of insurance received by the Redeveloper for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Redeveloper.

(e) Notwithstanding the foregoing, in lieu of its obligation to reconstruct the Minimum Improvements as set forth in this Section, the Redeveloper shall have the option of: (i) paying to the City an amount that, in the opinion of the City and its municipal advisor, is sufficient to pay or redeem the outstanding principal and accrued interest on the Note, or (ii) so long as the Redeveloper is the owner of the Note, waiving its right to receive subsequent payments under the Note.

(f) The Redeveloper and the City agree that all of the insurance provisions set forth in this Article V shall terminate on the Termination Date.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the City with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII hereof.

ARTICLE VI

Delinquent Taxes and Review of Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the City is providing substantial aid and assistance in furtherance of the development through reimbursement of Redevelopment Costs. The Redeveloper understands that the Tax Increments pledged to payment on the Note are derived from real estate taxes on the Redevelopment Property, which taxes must be promptly and timely paid. To that end, the Redeveloper agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Redevelopment Property and the Minimum Improvements. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the City to sue the Redeveloper or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City prevails, the City shall also be entitled to recover its reasonable out-of-pocket costs, expenses and reasonable attorney fees.

Section 6.2. Review of Taxes. (a) The Redeveloper agrees that prior to the Termination Date it will not cause a reduction in the real estate taxes paid in respect of the Redevelopment Property through: (A) willful destruction of any part of the Redevelopment Property; or (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement, except as provided in Section 5.1(e). The Redeveloper also agrees that it will not, prior to the Termination Date, seek exemption from real estate tax for the Redevelopment Property or any portion thereof or transfer or permit the transfer of the Redevelopment Property to any entity that is exempt from real estate taxes under state law (other than any portion thereof dedicated or conveyed to the City in accordance with platting of the Redevelopment Property), or apply for a deferral of real estate taxes on the Redevelopment Property pursuant to any law.

(b) Notwithstanding anything to the contrary in this Article VI, the Redeveloper shall have the right, subject to all applicable laws (including payment of such real estate taxes during any applicable appeal period) to contest the legality, validity, or amount of the real estate taxes levied against the Minimum Improvements and/or the Redevelopment Property. The Redeveloper shall notify the City of any such contest within thirty (30) days of the commencement of such contest. During the pendency of any such contest, the City shall suspend payments of all principal and interest derived from Available Tax Increment attributable to the contested period as determined by the City in its sole discretion and payable to the Redeveloper under the Note.

(c) Upon final determination of any contest resulting in a finding that the assessed value of the Redevelopment Property is unchanged, the Redeveloper shall promptly pay and discharge the amounts involved or affected by such determination, together with any penalties, fines, interest, costs, and expenses that may have accrued thereon, and the City shall promptly pay to the Redeveloper all principal and interest withheld under the Note, without penalty or interest. If, as a result of such contest, the assessed value of the Redevelopment Property is

reduced, the City shall remit to the County any amounts of Available Tax Increment determined to exceed the amount due based on the reduced real estate taxes payable by the Redeveloper, and shall promptly pay to the Redeveloper all principal and interest withheld under the Note, less such Available Tax Increment remitted to the County.

(d) The Redeveloper understands that a reduction in the amount of real estate taxes determined to be payable with respect to the Redevelopment Property will reduce the amount of Available Tax Increment available to pay principal and interest on the Note, and further understands that the Note is a limited obligation of the City payable solely from Available Tax Increment, such that reductions in Available Tax Increment may adversely affect the City's ability to fully pay all principal and interest under the Note.

ARTICLE VII

Financing

Section 7.1. Financing. (a) Before commencing construction of the Minimum Improvements, the Redeveloper shall submit to the City evidence of one or more commitments for financing which, together with committed equity for such construction, is sufficient for the construction of the Minimum Improvements. Such commitments may be submitted as short term financing, long term financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term financing shall be subject only to such conditions as are normal and customary in the commercial banking industry.

Section 7.2. City's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage, Redeveloper shall make commercially reasonable efforts to cause the City to receive copies of any notice of default received by Redeveloper from the holder of such Mortgage. Redeveloper will use its reasonable efforts to include in any mortgage a provision that the City shall have the right, but not the obligation, to cure any such default on behalf of Redeveloper within such cure periods as are available to Redeveloper under the Mortgage documents.

Section 7.3. Subordination and Modification for the Benefit of Mortgagee. In order to facilitate the Developer obtaining financing for purchase of the Redevelopment Property and for construction according to the Construction Plans, the City agrees to subordinate its rights under this Agreement, provided that such subordination shall be subject to such reasonable terms and conditions as the City and Holder mutually agree in writing.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. Redeveloper represents and agrees that its purchase of the Redevelopment Property or portions thereof, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Redevelopment Property and not for speculation in land holding.

Section 8.2. Prohibition Against Transfer of Property and Assignment of Agreement. Redeveloper represents and agrees that until issuance of the Certificate of Completion for the Minimum Improvements:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Redeveloper or any successor in interest to the Redevelopment Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, Redeveloper has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Redevelopment Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a “Transfer”), without the prior written approval of the City Council (whose approval will not be unreasonably withheld, subject to the standards described in paragraph (b) of this Section) unless Redeveloper remains liable and bound by this Agreement, in which event, notwithstanding anything in this Agreement to the contrary, the City’s approval is not required. The term “Transfer” does not include (i) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements, or (ii) any sale, conveyance, or transfer in any form to any Affiliate.

(b) In the event the Redeveloper, upon transfer or assignment of the Redevelopment Property or any portion thereof, seeks to be released from its obligations under this Agreement as to the portions of the Redevelopment Property that are transferred or assigned, the City shall be entitled to require, except as otherwise provided herein, as conditions to any such release that:

(i) 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 Redeveloper as to the portion of the Redevelopment Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of Redeveloper under this Agreement as to the portion of the Redevelopment Property to be transferred and agreed to be subject to all the conditions and restrictions to which Redeveloper is subject as to such portion; provided, however, that the fact that any

transferee of, or any other successor in interest whatsoever to, the Redevelopment Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the City) deprive the City of any rights or remedies or controls with respect to the Redevelopment Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Redevelopment Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the City of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve Redeveloper, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Redevelopment Property governed by this Article VIII, shall be in a form reasonably satisfactory to the City.

(c) If the conditions described in paragraph (b) are satisfied with regard to any Transfer requiring the approval of the City then the Transfer will be approved and Redeveloper shall be released from its obligations under this Agreement, as to the portion of the Redevelopment Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (c) apply to all subsequent transferors, assuming compliance with the terms of this Article.

(d) After issuance of the Certificate of Completion for the Minimum Improvements, the Redeveloper may transfer or assign any portion of the Redevelopment Property or the Redeveloper's interest in this Agreement without the prior written consent of the City, provided that the transferee or assignee is bound by all the Redeveloper's obligations hereunder. The Redeveloper and/or its successor(s) and assign(s) shall submit to the City written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Redeveloper's obligations under this Agreement. If the Redeveloper fails to provide such evidence of transfer and assumption, the Redeveloper shall remain bound by all its obligations under this Agreement.

(e) The parties agree and understand that upon subdivision of the Redevelopment Property, the Redeveloper intends to sell the Remaining Parcels of the Redevelopment Property to third parties at some time in the future as those lots are developed for commercial, retail, restaurant, or office use. Upon the sale of any Remaining Parcels, the Redeveloper shall be released from its obligations under this Agreement, as to such Remaining Parcels. This paragraph (e) shall in no

event apply to the portion of the Redevelopment Property upon which the Minimum Improvements will be constructed.

Section 8.3. Release and Indemnification Covenants. (a) Redeveloper releases from and covenants and agrees that the City and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the City and the governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements, other than loss or damage to property or injury to or death of any person resulting from the willful misconduct of the City and the governing body members, officers, agents, servants and employees thereof.

(b) Except for any willful misconduct of the following named parties, any claim as to the legal authority of the City to perform as required by this Agreement, and any breach by the City of this Agreement, Redeveloper agrees (if timely tendered by the City to Redeveloper) to protect and defend the City and the governing body members, officers, agents, servants and employees thereof, now or 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 to the extent caused by the construction, installation, and operation of the Minimum Improvements.

(c) The City and the governing body members, officers, agents, servants and employees thereof shall not be liable for any damage or injury to the persons or property of Redeveloper or its officers, agents, servants or employees or any other person who may be about the Redevelopment Property or Minimum Improvements due to any act of negligence of any person (other than the City).

(d) 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 in the individual capacity thereof.

ARTICLE IX

Events of Default

Section 9.1. 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, after the non-defaulting party provides thirty (30) days written notice to the defaulting party of the event, but only if the event has not been cured within said thirty (30) days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within such thirty-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) Failure by the Redeveloper or City to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement.

(b) If, before issuance of the certificate of completion for all the Minimum Improvements, the Redeveloper shall

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law, which action is not dismissed within sixty (60) days after filing; or

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

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

(iv) be adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may:

(a) Suspend its performance under this Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Upon a default by the Redeveloper under this Agreement, the City may terminate the Note and this Agreement.

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or Redeveloper 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. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the 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 9.5. Attorney Fees. Whenever any Event of Default on the part of the Redeveloper occurs and if the City employs attorneys or incurs other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Redeveloper under this Agreement, the Redeveloper shall, within ten (10) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; City Representatives Not Individually Liable. The City and Redeveloper, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to Redeveloper, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to Redeveloper or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. Redeveloper agrees that until the Termination Date, Redeveloper, and such successors and assigns, shall devote the Redevelopment Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement and for such other development described in Section 4.5 above, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Redevelopment Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Redevelopment Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. 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 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by any party to the others shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of Redeveloper, is addressed to or delivered personally to Redeveloper at 527 Professional Drive, Northfield, Minnesota 56057; and

(b) in the case of the City, is addressed to or delivered personally to the City at 420 North Pokegama Avenue, Grand Rapids, Minnesota 55744, Attn: City Administrator.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The City may record this Agreement and any amendments thereto with the Itasca County recorder. Redeveloper shall pay all costs for recording. The Redeveloper's obligations under this Agreement are covenants running with the land for the term of this Agreement, enforceable by the City against the Redeveloper, its successor and assigns, and every successor in interest to the Redevelopment Property, or any part thereof or any interest therein.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved by the City and Redeveloper.

Section 10.10. City Approvals. Unless otherwise specified, any approval required by the City under this Agreement may be given by the City Representative.

Section 10.11. Termination. This Agreement terminates on the Termination Date. Upon request of the Redeveloper, the City shall execute and record a release of this Agreement.

Section 10.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

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

CITY OF GRAND RAPIDS, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____ 2018, by _____ and _____, the Mayor and City Administrator, respectively, of the City of Grand Rapids, a Minnesota municipal corporation, on behalf of the City.

Notary Public

REBOUND HOSPITALITY, LLC

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018 by _____, the _____ of Rebound Hospitality, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public

SCHEDULE A - REDEVELOPMENT PROPERTY

Real property in the City of Grand Rapids, County of Itasca, State of Minnesota, described as follows:

A parcel of land in the Northwest Quarter of the Northwest Quarter (NW 1/4 of NW 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian and being more particularly described as follows: Assuming the East boundary line of said Northwest Quarter of the Northwest Quarter (NW 1/4 of NW 1/4) to have a bearing of South 00 degrees 43 minutes 00 seconds East and starting at a point on said East boundary line 450.00 feet Southerly of the Northeast corner of said Northwest Quarter of the Northwest Quarter (NW 1/4 of NW 1/4); thence South 89 degrees 17 minutes 00 seconds West for a distance of 75.00 feet to the point of beginning, said point of beginning being on the Westerly right of way line of Highway No. 169; thence continue South 89 degrees 17 minutes 00 seconds West for a distance of 651.00 feet to a point; thence South 00 degrees 43 minutes 00 seconds East for a distance of 600.00 feet to a point; thence North 89 degrees 17 minutes 00 seconds East for a distance of 651.00 feet to a point on the Westerly right of way of U.S. Highway No. 169; thence North 00 degrees 43 minutes 00 seconds West along said Westerly right of way for a distance of 600.00 feet to the point of beginning.

Property is Abstract

SCHEDULE B

FORM OF AUTHORIZING RESOLUTION

RESOLUTION AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT REVENUE NOTE, SERIES 20__ TO REBOUND HOSPITALITY, LLC

BE IT RESOLVED BY the City Council (“Council”) of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The City have heretofore approved the establishment of its Tax Increment Financing District 1-11 (the “TIF District”) within the City’s Development District No. 1. (“Project”), and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Project.

Pursuant to Minnesota Statutes, Section 469.178, the City is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Project. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The City hereby finds and determines that it is in the best interests of the City that it issue and sell its Tax Increment Revenue Note (the “Note”) for the purpose of financing certain eligible redevelopment costs of the Project.

1.02. Approval of Contract; Issuance, Sale, and Terms of the Note. (a) The City on this date has considered a Contract for Private Redevelopment (the “Agreement”) between the City and Rebound Hospitality, LLC (the “Owner”). The City hereby approves the Agreement and authorizes the Mayor and City Administrator of the City to execute such Agreement in substantially the form on file with the City, subject to modifications that do not alter the substance of the transaction and are approved by such officials, provided that execution of the Agreement by such officials is conclusive evidence of their approval. All capitalized terms in this resolution have the meaning provided in the Agreement unless the context requires otherwise.

(b) The City hereby authorizes the Mayor and City Administrator to issue the Note in accordance with the terms of the Agreement.

(c) The Note shall be issued in the maximum aggregate principal amount of \$1,250,000 to Rebound Hospitality, LLC (the “Owner”) in consideration of certain eligible Redevelopment Costs incurred by the Owner under the Agreement, shall be dated the date of delivery thereof, and shall bear simple interest at the rate of 5.5%, from the date of issue per annum to the earlier of maturity or prepayment. The Note will be issued in the principal amount of Redevelopment Costs submitted and approved in accordance with Section 3.3 of the Agreement. The Note is

secured by Available Tax Increment, as further described in the form of the Note herein. The City hereby delegates to the City Administrator the determination of the date on which the Note is to be delivered, in accordance with the Agreement.

Section 2. Form of Note. The Note shall be in substantially the following form, with the blanks to be properly filled in and the principal amount adjusted as of the date of issue:

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

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF ITASCA
CITY OF GRAND RAPIDS, MINNESOTA

No. R-1

\$ _____

TAX INCREMENT REVENUE NOTE
SERIES 20__

<u>Rate</u>	<u>Date of Original Issue</u>
5.5%	_____, 20__

The City of Grand Rapids, Minnesota (the "City") for value received, certifies that it is indebted and hereby promises to pay to Rebound Hospitality, LLC or registered assigns (the "Owner"), the principal sum of \$_____ and to pay interest thereon at the rate of five percent (5.5%) per annum, solely from the sources and to the extent set forth herein. Capitalized terms shall have the meanings provided in the Contract for Private Redevelopment between the City and the Owner, dated as of September __, 2018 (the "Agreement"), unless the context requires otherwise.

1. Payments. Principal and interest ("Payments") shall be paid on August 1 of the first calendar year in which Available Tax Increment has been paid to the City by Itasca County, and on each February 1 and August 1 thereafter to and including February 1, 2047 following the first Payment ("Payment Dates") in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal. Simple interest shall accrue from the date of issue through and including the first February 1 Payment Date.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon thirty (30) days written notice to the City. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein shall accrue on the unpaid principal, commencing on the date of original issue. Interest shall be computed on the basis of a year of 360 days consisting of 12 months of 30 days, and charged for actual days principal is unpaid.

3. Available Tax Increment. (a) Payments on this Note are payable on each Payment Date solely from and in the amount of Available Tax Increment, which shall mean, on each Payment Date, ninety percent (90%) of the Tax Increment attributable to the Minimum

Improvements and Redevelopment Property that is paid to the City by Itasca County in the six months preceding the Payment Date.

(b) The City shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment and the failure of the City to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the City pays principal and interest hereon to the extent of Available Tax Increment. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final February 1 Payment.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the City may withhold from payments hereunder under all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, within thirty (30) days after the Event of Default is cured. If the Event of Default is not cured in a timely manner, the City may terminate this Note by written notice to the Owner in accordance with the Agreement.

5. Prepayment. The principal sum and all accrued interest payable under this Note is prepayable 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 Note.

6. Lookback. In the event that the principal amount of this Note is reduced in accordance with the lookback provision of Section 3.3(f) of the Agreement, upon request of the Owner, the City will deliver to the Owner a statement of the outstanding principal balance of the Note. In addition, upon the written request of the City, the Owner shall deliver the Note to the City in exchange for a new Note in the adjusted principal amount.

7. Nature of Obligation. This Note is one of an issue in the total principal amount of \$ _____, issued to aid in financing certain redevelopment costs and administrative costs of a Project undertaken by the City pursuant to Minnesota Statutes, Sections 469.124 through 469.133, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the City on September 24, 2018, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended. This Note is a limited obligation of the City which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note 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 this Note or other costs incident hereto except out of Available 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 this Note or other costs incident hereto.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the City kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the City, duly executed by the Owner, and an investment letter executed by the transferee in a form satisfactory to the City. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the City with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

Except as otherwise provided in Section 3.3(d) of the Agreement, this Note shall not be transferred to any person or entity, unless the City has provided written consent to such transfer.

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 exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the City according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the City Council of the City of Grand Rapids, Minnesota have caused this Note to be executed with the manual signatures of its Mayor and City Administrator, all as of the Date of Original Issue specified above.

**CITY OF GRAND RAPIDS,
MINNESOTA**

City Administrator

Mayor

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

Date of
Registration

Registered Owner

Signature of
City Finance Director

_____, 20__

Rebound Hospitality, LLC

Federal Tax I.D No. _____

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1.

The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The City hereby appoints the City Finance Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the City has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the City, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The City and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on

account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of its Mayor and City Administrator. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note has been so executed, it shall be delivered by the City Administrator to the Owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The City hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the City shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The City irrevocably agrees to appropriate to the Bond Fund on or before each Payment Date the Available Tax Increment in an amount equal to the Payment then due, or the actual Available Tax Increment, whichever is

less. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the City's account for the TIF District upon the termination of the Note in accordance with its terms.

4.03. Additional Obligations. The City will issue no other obligations secured in whole or in part by Available Tax Increment unless such pledge is on a subordinate basis to the pledge on the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the City are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the City, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon approval.

Adopted by the City Council of the City of Grand Rapids, Minnesota this _____th day of _____, 2018.

Mayor

ATTEST

City Clerk

SCHEDULE C

CERTIFICATE OF COMPLETION

WHEREAS, the City of Grand Rapids, Minnesota (the "City") and Rebound Hospitality, LLC (the "Redeveloper") entered into a certain Contract for Private Redevelopment, dated _____, 2018 (the "Contract"); and

WHEREAS, the Contract contains certain covenants and restrictions set forth in Articles III and IV thereof related to completing certain Minimum Improvements; and

WHEREAS, the Redeveloper has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the City to permit the execution and recording of this certification;

NOW, THEREFORE, this is to certify that all construction and other physical improvements related to the Minimum Improvements specified to be done and made by the Redeveloper have been completed and the agreements and covenants in Articles III and IV of the Contract have been performed by the Redeveloper, and this Certificate is intended to be a conclusive determination of the satisfactory termination of the covenants and conditions of Articles III and IV of the Contract related to completion of the Minimum Improvements, but any other covenants in the Contract shall remain in full force and effect until the Termination Date (as defined in the Contract).

Dated: _____, 20__.

CITY OF GRAND RAPIDS, MINNESOTA

By _____
City Representative

This document was drafted by:
KENNEDY & GRAVEN, Chartered (GAF)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

SCHEDULE D

TOTAL EXPECTED SOURCES AND USES

Rebound Hospitality

Overall Development of the Sawmill Property

Revenue/Sources

MN IRRR Demo. Grant	\$100,000
Lot Sales	\$3,452,147
Auction Net	\$73,000
Total Sources/Revenue	\$3,625,147

Uses/Development Costs

Building/Land Acquisition	\$2,376,306
Infrastructure	\$420,000
Retaining Wall	\$269,800
Site Grading for lots	\$250,000
Eng./survey/plat	\$60,000
Demo/abatement	\$600,000
Rebound Development OH/Fee	\$596,416
Brokers Commissions to 3rd Party	\$153,821
Property Taxes (2nd half of 2018)	\$45,500
Legal/Title/Mortgage registration	\$67,127
Other holding/interest	\$50,000
Total Uses/Development	\$4,888,970
Net	-\$1,263,823



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0603 **Version:** 1 **Name:** Itasca Calvary Cemetery Remembrance Garden
Type: Agenda Item **Status:** Public Works
File created: 9/17/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Consider approving a proposal establishing a Remembrance Garden to be used for scattering cremated remains at the Itasca Calvary Cemetery.

Sponsors:

Indexes:

Code sections:

Attachments: [2018 9-24 Attachment Proposed Scatter Area](#)

Date	Ver.	Action By	Action	Result
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Consider approving a proposal establishing a Remembrance Garden to be used for scattering cremated remains at the Itasca Calvary Cemetery.

Background Information:

Due to a number of recent inquiries and a national trend, the Itasca Calvary Cemetery would like to add a designated area for scattering remains, called the Remembrance Garden. There have been multiple requests from customers who would like to scatter, rather than bury, their loved one's remains. The Cemetery chose an out of the way area that will not interfere with any future expansions.

To fund the administration and grounds maintenance expenses, the Cemetery will collect a grounds/administration fee of \$50.00 for the use of the Scattering Area. Following approval, the new fee will be added to the Itasca Calvary Cemetery Rate Charges. See the attachment for the location of the proposed Remembrance Garden.

Staff Recommendation:

Jeff Davies, PW Director recommends the proposed site for the Remembrance Garden at the Itasca Calvary Cemetery.

Requested City Council Action

Make a motion to approve proposal for a Remembrance Garden for scattering cremated remains at the Itasca Calvary Cemetery.



Red – Platted area of the Itasca Calvary Cemetery

Blue – Proposed Scatter Area



Blue – Enlarged View of the Proposed Scatter Area



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #:	18-0604	Version:	1	Name:	PW Purchase of a 2018 John Deere Backhoe
Type:	Agenda Item	Status:		Status:	Public Works
File created:	9/17/2018	In control:		In control:	City Council
On agenda:	9/24/2018	Final action:		Final action:	
Title:	Consider authorizing the purchase of a John Deere backhoe from McCoy Construction & Forestry of Grand Rapids, for the amount of \$98,933.00, including the trade-in of the existing Public Works 1991 John Deere backhoe under the Minnesota State Contract.				

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Consider authorizing the purchase of a John Deere backhoe from McCoy Construction & Forestry of Grand Rapids, for the amount of \$98,933.00, including the trade-in of the existing Public Works 1991 John Deere backhoe under the Minnesota State Contract.

Background Information:

At the April 23rd 2018, City Council Meeting, the City Council approved preparing specifications and pricing for a new backhoe, utilizing the State of Minnesota Cooperative Purchasing Venture. We looked at a backhoes from both John Deere and Caterpillar. Based on our needs, we selected the John Deere.

Included in the 2018 Capital Improvement Plan, \$145,000.00 was budgeted for the purchase of a new 2018 backhoe. This purchase will replace our existing 1991 John Deere backhoe, which interestingly, replaced a 1973 backhoe. The backhoe is an integral piece of equipment to maintain our storm sewer system, as well as all other facets of Public Works. The Grapple Bucket is included and will assist with loading branches and other debris when working in storm water utilities, forestry and construction.

Staff Recommendation:

Jeff Davies, Public Works Director recommends purchasing a John Deere backhoe from McCoy Construction & Forestry.

Requested City Council Action

Make a motion to authorize the approved budgeted purchase of a 2018 John Deere backhoe for the amount of \$98,933.00, including the trade-in of the existing Public Works 1991 John Deere backhoe, under the Minnesota State Contract.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 18-0608 **Version:** 1 **Name:** Appointment of Travis Cole to the position of Fire Chief.
Type: Agenda Item **Status:** Administration Department
File created: 9/19/2018 **In control:** City Council
On agenda: 9/24/2018 **Final action:**
Title: Appointment of Travis Cole to the position of Fire Chief.
Sponsors:
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
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Appointment of Travis Cole to the position of Fire Chief.

Background Information:

With the retirement of Fire Chief Mike Liebel effective September 30, 2018, an interview committee consisting of City Administrator Tom Pagel, Chief of Police Scott Johnson, and Human Resources Director Lynn DeGrio is recommending the appointment of Travis Cole to the position effective October 1, 2018.

Travis received an Associates Degree in Fire Technology and Administration from Lake Superior College. He was a firefighter for the Warroad Fire Department for one year, and on the Roseau Fire Department for one year. Travis relocated to Grand Rapids and began employment as a Building/Fire Inspector for the City of Grand Rapids in June 2008, and became a Firefighter for the Grand Rapids Fire Department on August 12, 2008. In March of 2015, Travis was appointed Captain for the GRFD, a position he currently holds.

Travis also went on to become the Building Official for the City of Grand Rapids in 2012 and left employment June of 2018 to become a Residential Inspector for the State of Minnesota Fire Marshal division.

We believe that Travis' education and experience in fire service, along with proven leadership, will be beneficial in his tenure as Fire Chief.

Staff Recommendation:

The interview committee consisting of City Administrator Tom Pagel, Chief of Police Scott Johnson, and Human Resources Director Lynn DeGrio is recommending the appointment of Travis Cole to the position effective October 1, 2018.

Requested City Council Action

Make a motion to appoint Travis Cole to the position of Fire Chief effective October 1, 2018 at a rate of \$1,212.00 per month.