

City of Long Prairie
Council meeting
7:00 P.M., Monday, March 16, 2015

The Long Prairie City Council met in regular session at City Hall, 7:00 p.m., Monday, March 16, 2015. Mayor Don Rasmussen called the meeting to order with the following present: Council members Art Rowan, Lilah Gripne, and City Administrator/Clerk Brenda Thomes.

Councilor Gripne motioned Rowan seconded to approve the council minutes of March 2nd and the March bills. Motion unanimously carried.

Mayor Rasmussen called to order a public hearing at 7:03 with the following present: Kent Louwagie, Lyle Danielson, Dan Swenson, Dave Larson Jim Kreemer, Kevin Langer, Dick Smith, and Lorna Hunter. Todd from Ehlers and Associates was present to discuss the TIF District. The city of Long Prairie is looking at doing a Tax Increment Finance District for Centra Care. The proposed action is to establish a Tax Increment Financing District No. 1-12 and the adoption of the Tax Increment Finance Plan. Modifications to the Development Program for the Master Development District No. 1 which represents and continues the goals and objectives set forth in the development program for the Master Development District No. 1; and also passing the Interfund Loan in connection with the District. TIF District is a housing district. The parcel that this will be on is 18-0026101 which is currently annexed into the City of Long Prairie. The district is being created to facilitate the construction of a 40 unit senior assisted living complex in the City of Long Prairie. The duration of the district will be 25 years from the date of the receipt of the 1st increment. The city elects to receive the 1st tax increment in 2018. It is estimated that the district, including any modification of the TIF Plan for subsequent phases or other changes, would terminate after December, 2043, when the TIF Plan is satisfied. The estimated annual taxes are about \$145,887. The project is proposed to be financed by a pay as you go interfund loan and transfers. Up to 10% of the annual increment, if costs are justified, for administrative fees.

There being no further discussion, the meeting was closed at 7:18.

Councilor Rowan motioned Gripne seconded to adopt the following resolution 15-3-16-01:

**CITY OF LONG PRAIRIE
TODD COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 15-3-16:01

**RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT
PROGRAM FOR MASTER DEVELOPMENT DISTRICT NO. 1 AND
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-12
THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN
THEREFOR.**

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

Section 1. Recitals.

1.01. The Council has heretofore established Master Development District No. 1 and adopted a

Development Program therefor. It has been proposed by the City that the City adopt a Modification to the Development Program for Master Development District No. 1 (the "Development Program Modification") and establish Tax Increment Financing District No. 1-12 (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 has 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 Todd County and Independent School District No. 2753 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Program and Plan by the City Planning Commission, 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 heretofore 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 include data, information and/or substantiation constituting or relating to the basis for the other 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 Master 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 Project area 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 Project by private enterprise; and (c) 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. 1-12.

3.01. The Council hereby finds that Tax Increment Financing District No. 1-12 is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future, 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 above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

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 develop an area of the City which is already built up, to provide housing opportunities, to improve the tax base and to improve the general economy of the State of Minnesota 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 City Administrator/Clerk.

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 the Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03. The Auditor of Todd County 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 City Administrator/Clerk 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 Minnesota Statutes 469.175, Subd. 4a.

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

and the following voted against the same:

Dated: March 16, 2015

ATTEST:

Mayor

City Administrator/Clerk

(Seal)

EXHIBIT A
RESOLUTION NO. 15-3-16-01

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-12, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-12 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 1-12 consists of one parcel. The development will consist of 40 units of senior assisted- living. All or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 40 percent of the units/homes receiving assistance will have incomes at or below 60 percent of statewide median income. Appendix E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

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 development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. The cost of site and public improvements and utilities makes this housing development infeasible without City assistance. Due to the high cost of building affordable new housing in the City and the cost of financing the proposed public 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.

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 TIF 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 development cost. Historically, site development costs in this area have made development infeasible without tax increment assistance. This site requires a substantial amount of street, sanitary sewer, water, and drainage units and extensions to develop. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-12 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission 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 Tax Increment Financing District No. 1-12 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Master Development District No. 1 by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.

Roll call: Yes; Gripne, Rowan, Rasmussen. Motion carried.

Councilor Rowan motioned Gripne seconded to adopt the following resolution 15-3-16-02:

**CITY OF LONG PRAIRIE
TODD COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 15-3-16-02

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING
DISTRICT NO. 1-12.**

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

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 1-12 (the "TIF District") within Master Development District No. 1 (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of site improvements/preparation, public utilities, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$5,000 from the Sewer fund and \$5,000 from the Water thereof as may be paid are Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the City Administrator/Clerk, through the date of last receipt of tax increment from the TIF District pursuant to the TIF Plan (the "Maximum Term").

2.03. Payments on the Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the City Administrator/Clerk, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Todd County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. Payments on the Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under the Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under the Interfund Loan.

2.05. This resolution is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of 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 the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

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

and the following voted against the same:

Dated: March 16, 2015

ATTEST:

Mayor

City Administrator/Clerk

(Seal)

Motion unanimously carried.

The city will be taking \$5,000 from the water fund and \$5,000 from the wastewater fund to go into the tax increment financing for incidental costs relating to the city's part.

Council discussed with Dan Swenson and Dave Larson the completion of TIF District. They are still waiting on the wetlands credits. They are hoping that they will be processed

soon. Once that is completed, we will continue with the project.

Council discussed a resolution discussing preparation of reports on improvements. This is in relation to the 2016 road project. The resolution is looking at the following improvements:

- 8th Street, from 4th Avenue SE to 1st Avenue NE
- 8th Street, from 1st Avenue NE to 2nd Avenue NE
- 2nd Avenue NE, from 6th Street to 9th Street NE
- 7th Street NE, from 1st Avenue NE to 6th Avenue NE
- 4th Avenue NE, from 6th Street NE to 7th Street NE
- Fairview Avenue (County Road 86), from Riverside Drive(CSAH 56) to 550' west

Councilor Gripne motioned Rowan seconded to adopt the following resolution 15-03-16-03:

Resolution 15-03-16: 03

Resolution Ordering Preparation of Report on Improvement

WHEREAS, it is proposed to improve the following streets by reconstructing the street and utilities, and to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Chapter 429,

- CSAH 40 (8th Street), from 4th Avenue SE (TH 287) to 1st Ave NE (TH 27)
- 8th Street, from 1st Avenue NE (TH 27) to 2nd Avenue NE
- 2nd Ave NE, from 6th St to 9th St NE
- 7th St NE, from 1st Ave NE (TH 27) to 6th Ave NE
- 4th Ave NE, from 6th St NE to 7th St NE
- Fairview Avenue (County Road 86) from Riverside Drive (CSAH 56) to 550' west

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF LONG PRAIRIE, MINNESOTA:

That the proposed improvement, called the 2016 Improvement Project be referred to the city engineer for study and that that person is instructed to report to the council with all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

Adopted by the council this 16th day of March, 2015.

Mayor

City Clerk

Motion unanimously carried.

Dan Swenson and City Administrator Thomes discussed payment of outstanding invoices. CentraCare will be sending payment over to the city.

The Christie House will be open for tours June, July, and August, Wednesday through Sunday 1:30 to 4:30. They also will be doing a historical walk in Long Prairie July 11th. There will be a citywide garage sale and crazy daze sale July 10th and 11th. More information will be given as events get closer.

Fire Chief Jim Kreemer stated the department responded to a grass fire outside of town. The firemen's dance will be April 11th at Thunder Lodge. The school board is working on a policy to allow teachers to be on the Long Prairie Fire Department. The fire department is still looking for a member.

Police Chief Kevin Langer stated the department had 280 calls in the month of February. The Police department, Hands of Hope, DNR, Long Prairie Fire, etc... will be having our Community Safety Day on August 5th from 5:00p.m. – 7:00 p.m. at City Hall.

Councilor Gripne stated the Economic Development is still working on updating the Comp Plan.

Mayor Rasmussen stated Tourism is working on the music in the park more contracts are being signed. There will be a Regional Park and Trail meeting on March 13th to discuss funding for 2015. Mayor Rasmussen stated at the meeting they discussed future projects and funding. We will need to submit our feasibility report submitted date of June 30th.

Councilor Gripne motioned Rowan seconded to adjourn. Motion unanimously carried. Meeting adjourned at 8:00 p.m.

Brenda Thomes
City Administrator/Clerk

Don Rasmussen
Mayor