

City of Long Prairie
7:00 P.M., Monday, February 4, 2019

The Long Prairie City Council met in regular session at City Hall, 7:00 p.m., Monday, February 4, 2019. Mayor Jodi Dixon called the meeting to order with the following present: Council members Lilah Gripne, Randy Mechels, David Blanchard, and Interim City Administrator David Venekamp. Council member Bob Byers was absent.

Council member Blanchard motioned Gripne seconded to approve the council minutes of January 22, 2019. Motion unanimously carried.

Mayor Dixon called to order the 7:00 p.m. public hearing to modify the Development Program for Master Development District #1 to establish Tax Increment Financing (TIF) District #1-15. Individuals present for the public hearing were: Todd Hagen of Ehlers & Assoc., John Timmerman, Kevin Langer, Bob Klick, Jim Kreemer and Trevor Larson.

Mr. Hagen reviewed the TIF District 1-15 with the council. Mr. Timmerman proposes to build 2-8 unit apartment complexes with the assistance of tax increment financing. Todd indicated the estimated taxes on the apartments would be about \$20,000 to \$21,000/year.

Mr. Timmerman stated he would begin the construction of the first 8-plex no later than May 15, 2019 with a completion date no later than December 2019. Construction on the second apartment would begin no later than May 15, 2020 with completion by December 2020.

There being no other questions, Mayor Dixon closed the public hearing at 7:15 p.m.

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

RESOLUTION NO. 19-02-04:1
RESOLUTION ADOPTING A MODIFICATION TO THE
DEVELOPMENT PROGRAM FOR MASTER DEVELOPMENT
DISTRICT NO. 1 AND ESTABLISHING TAX INCREMENT FINANCING
DISTRICT NO. 1-15 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 of the City has heretofore established Master Development District No. 1 (the "Development District") and adopted a Development Program therefor (the "Development Program"). It has been proposed by the City that the City adopt a Modification to the Development Program for the Development District (the "Development Program Modification") and establish Tax Increment Financing District No. 1-15, a housing district (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 and Zoning 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 Development District would not be available for redevelopment without the financial aid to be sought under this Development Program; (b) the Development District will afford maximum opportunity, consistent with the needs of the City as a whole, for the development by private enterprise; and (c) that the Development District 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. 1-15.

3.01. The Council hereby finds that the District 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 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 this 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 Blanchard, and upon a vote being taken thereon, the following voted in favor thereof: Gripne, Mechels, Blanchard and Dixon

and the following voted against the same: None

EXHIBIT A
RESOLUTION NO. 19-02-04:1

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. 1-15 (the “TIF District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the TIF District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

The TIF District consists of three parcels. The development will consist of approximately 16 units of multi-family rental housing. All or a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. At least 20 percent of the units receiving assistance will have incomes at or below 50 percent of statewide median income, or at least 40 percent of the units 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. *Findings that (i) 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 (ii) 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:* These findings are 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 land acquisition, 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 (see attachment in Appendix F of the TIF Plan).

3. *Finding that the TIF Plan for the TIF District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning and Zoning Commission reviewed the TIF Plan on January 14, 2019 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the TIF District 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.

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

**RESOLUTION NO. 19-02-04:02
RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING
DISTRICT NO. 1-15.**

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. 1-15, a housing district, (the "TIF District") within the Master Development District No. 1 (the "Project Area") and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project Area.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, 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, provided the loan or advance is authorized by resolution of the City not later than 60 days after money is transferred, advanced, or spent, whichever is earliest..

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 in the principal amount of up to \$15,000.00 from the General Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances from Available Tax Increment (defined below) 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% per annum and will not fluctuate. The maximum term of the loan shall be 10 years.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid annually on each December 31 (each a "Payment Date"), commencing on the first Payment Date on which the City 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.

2.03. Payments on this 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 this 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 this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.05. This Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This 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 this 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 this 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. Before the latest decertification of any tax increment financing district from which the Interfund loan is to be repaid, the City may modify or amend the terms of this Interfund Loan in writing 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.

2.07. The City shall report in its annual report to the State of Minnesota (1) the amount of the Interfund Loan or advance made in a calendar year; and (2) any amendment of the Interfund Loan or advance made in a calendar year.

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 Blanchard, and upon a vote being taken thereon, the following voted in favor thereof: Gripne, Mechels, Blanchard and Dixon

and the following voted against the same: None

Dated: February 4, 2019

ATTEST:

Mayor

City Administrator/Clerk

Todd stated the TIF district for a housing district can be 26 years in length. In looking at the Performa on this project it appears that a 17 year district would be viable. The development agreement for the project calls for a development agreement with a TIF of 17 years on the first 8-plex and 17 years on the second 8-plex. Under the agreement 20% of the apartments would need to be available to individuals with less than 50% of the Todd County median income. TIF funds are to be used only for the foundation, footings and site improvements. This district is a pay-as-

you-go district with the total amount paid back to the developer not to exceed the amount of the development agreement note.

Council member Blanchard motioned Gripne seconded to approve the development agreement for TIF 1-15 as presented. Motion unanimously carried.

The council discussed whether to hire a consultant or to proceed with hiring an administrator on their own. The cost of hiring David Drown and Assoc. is \$18,000 of which \$7,500 could be paid by Sourcewell. The cost to the city would be \$10,500.

Council member Gripne motioned Mechels seconded to have the city proceed with the hiring of an administrator without the use of a consultant. Motion unanimously carried.

Council member Gripne motioned Mechels seconded to approve a one year contract with Elite Environmental for safety training at a cost of \$3,100. Motion unanimously carried.

The council reviewed the police department spreadsheet on capital expenditures. The spreadsheet provides a list of the departments projected expenditures and funding sources for the next 16 years. Police Chief Langer stated the spreadsheet is a benefit to the department in that it allows the officers to see what and when an item is scheduled to be replaced. It also is a benefit in budgeting for the city.

The police department presented a quote from XS Consulting in the amount of \$5,351 for the purchase of 3 new computers, 2 monitors, software and installation of the computers. XS Consulting is the city's IT contractor.

Council member Blanchard motioned, Mechels seconded to purchase the new computer and equipment as presented in the quote from XS Consulting for \$5,351. Motion unanimously carried.

Council member Gripne motioned Mechels seconded to approve the gambling permit for a raffle by the Society of St Pius X at the American Legion on March 24, 2019. Motion unanimously carried.

Council member Mechels stated the public works department is working on a capital equipment schedule for the department. He also indicated he will be taking a tour of the wastewater treatment facility once the weather warms up.

Council member Blanchard indicated he has had a tour of the fire department vehicles and the fire hall.

Police Chief Kevin Langer stated the department handled 278 incidents in the month of January.

Fire Chief Jim Kreemer indicated the fire department will be meeting with the townships on Wednesday to update them on their township contracts for 2020.

Interim City Administrator/Venekamp stated that the fire department fund balances provided to the townships and to the fire department differ from the city's audit reports by about \$50,000 or

more each of the past several years. The township and city contributions to the department have not been increased to keep up with the expenses of the department. Venekamp suggested the council contribute \$10,000 to the fire department general fund to help offset those losses.

Council member Gripne motioned Blanchard seconded to transfer \$10,000 from the city's general fund to the fire department general fund. Motion unanimously carried.

Fire Chief Jim Kreemer brought to the council's attention the need for a standby generator at city hall. In the recent power outage, the entire city was without power for 3 hours. Had the power outage lasted a day or more, the city may have had difficulty in maintaining their water lines within city hall for the fire trucks and for the tankers and water lines in the fire trucks. City hall is also the backup to the county should the county's radio communication system go down.

Kreemer indicated the city had budgeted funds for a standby generator however those funds are no longer available. The department was also offered the hospital standby generator however the unit caught on fire and was destroyed. The city purchased two portable army generators which were not recommended to use for providing power to city hall. Each unit may be usable for powering a city well.

Kreemer had obtained a quote for a new standby generator at a cost of approximately \$45,000. Since the generator is used by several departments within city hall, the cost of the generator may be spreadout over the various departments.

The council recommend Kreemer to obtain additional price quotes on the standby generator for city hall.

Council member Gripne mentioned the P & Z Commission will meet at city hall on Monday February 11 on the conditional use request by John Timmerman.

It was mentioned the Tourism and Park Board will be sponsoring a Frisbee golf tournament for May 18th.

Council member Mechels motioned Dixon seconded. Meeting adjourned at 8:50 p.m.

David Venekamp
Interim City Administrator/Clerk

Jodi Dixon
Mayor