

Mt. Lake City Council
Mt. Lake City Hall
Monday, July 7, 2014
6:30 p.m.

AGENDA

1. Meeting called to order by Mayor, Dean Janzen
* Further information on agenda item is attached
2. Approval of Agenda and Consent Agenda
 - a. Bills: Check #'s 9916236 – 9916292; 352E*(1-6)
Payroll: Check #'s 61165 - 61191
 - b. Approval of June 23 Council Minutes*(7-9)
 - c. Adopt Resolution #31-14, Resolution to Permit Gambling*(10)
 - d. Adopt Resolution #29-14, Resolution Appointing Election Judges*(11)
3. Public – A total of ten (10) minutes is allotted for individuals to briefly discuss a topic of concern with the council.
4. Joint Meeting with EDA, Public Hearing, Milk Specialties Project, Modification of Redevelopment Project #1 and Establishment of TIF District #1-7
 - a. Modification Plan and TIF Plan *(12-34)
 - b. Adopt Resolution #28-14 Approving Modified Redevelopment Project #1 and establishing Tax Increment Finding District 1-7 Within Redevelopment District Project #1 and Approving the Adoption of the Modified Redevelopment Plan and Tax Increment Financing Plan Related Thereto*(35-39)The EDA with be adopting three resolutions for the Project.
5. Public Hearing – Fire Dept. Equipment Rural Development Loan
 - a. Letter of Conditions*(40-48)
 - b. Adoption of Resolution #30-14 Loan Security Agreement*(49-52)
6. Review of 2015 Capital Improvement Plan- separate attachment
 - a. Streets, Parks and Cemetery – Rick Oeltjenbruns, Street Supt.
7. 2012-14 Utility and Street Project
 - a. Partial Payment #14*(53-59)
 - b. Appraisal of Representative Parcels*(61-62)
8. Update on Lawcon Park Food Forest Project – Nathan Harder

9. Administrator
 - a. Classification and Compensation Study General Discussion
 - b. Approve Agreement with A. Quiriam*(63-64)
 - c. Approve 2014-16 Auditing Request for Proposals*(65-73)
 - d. Update on Hazardous Buildings - 412 7th St. and 724 Prince St.

10. Adjourn

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July 7, 2014
mtg

June 2014 to July 2014

9916 234 -
9916 292
352E

	Check Amt	Invoice	Comment
10100 United Prairie			
Paid Chk# 9916236	6/20/2014	SELECT ACCOUNT	
E 101-41400-141	Admin Fees-HSA	\$4.22	JUNE HSA ADMIN FEES
E 101-42100-141	Admin Fees-HSA	\$10.55	JUNE HSA ADMIN FEES
E 101-00000-361	General Liability Ins	\$0.00	JUNE HSA ADMIN FEES
E 101-46200-141	Admin Fees-HSA	\$1.26	JUNE HSA ADMIN FEES
E 101-45200-141	Admin Fees-HSA	\$1.27	JUNE HSA ADMIN FEES
E 101-43100-141	Admin Fees-HSA	\$3.80	JUNE HSA ADMIN FEES
E 211-45500-141	Admin Fees-HSA	\$2.11	JUNE HSA ADMIN FEES
E 205-46500-141	Admin Fees-HSA	\$2.11	JUNE HSA ADMIN FEES
Total SELECT ACCOUNT		\$25.32	
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Paid Chk# 9916237	6/26/2014	AFLAC	
G 101-21713	AFLAC	\$192.74	
Total AFLAC		\$192.74	
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Paid Chk# 9916238	6/26/2014	AFSCME COUNCIL 65	
G 101-21707	Union Dues	\$153.04	
Total AFSCME COUNCIL 65		\$153.04	
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Paid Chk# 9916239	6/26/2014	BCBS/HSA	
G 101-21714	HSA	\$407.71	
Total BCBS/HSA		\$407.71	
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Paid Chk# 9916240	6/26/2014	COMMISSIONER OF REVENUE	
G 101-21702	State Withholding	\$816.37	
Total COMMISSIONER OF REVENUE		\$816.37	
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Paid Chk# 9916241	6/26/2014	GISLASON & HUNTER	
G 101-21712	Garnishments	\$331.54	
Total GISLASON & HUNTER		\$331.54	
<hr/>			
Paid Chk# 9916242	6/26/2014	INTERNAL REVENUE SERVICE	
G 101-21701	Federal Withholding	\$1,717.74	
G 101-21703	FICA Tax Withholding	\$2,666.74	
Total INTERNAL REVENUE SERVICE		\$4,384.48	
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Paid Chk# 9916243	6/26/2014	PERA	
G 101-21704	PERA	\$3,660.82	
Total PERA		\$3,660.82	
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Paid Chk# 9916244	6/26/2014	SW/WC SERVICE COOPERATIVES	
G 101-21708	Employee Paid Health Insurance	\$1,091.34	
Total SW/WC SERVICE COOPERATIVES		\$1,091.34	
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Paid Chk# 9916245	6/26/2014	VALIC	
G 101-21705	VALIC	\$1,641.04	
Total VALIC		\$1,641.04	
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Paid Chk# 9916246	7/1/2014	COMMISSIONER OF REVENUE	
G 101-21702	State Withholding	\$177.75	
Total COMMISSIONER OF REVENUE		\$177.75	
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Paid Chk# 9916247	7/1/2014	INTERNAL REVENUE SERVICE	
G 101-21703	FICA Tax Withholding	\$941.74	
G 101-21701	Federal Withholding	\$280.75	

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June 2014 to July 2014

			Check Amt	Invoice	Comment
Total	INTERNAL REVENUE SERVICE		\$1,222.49		
Paid Chk#	9916248	7/3/2014	NORTHLAND TRUST SERVICES		
	E 307-47000-611	Bond Interest	\$6,231.25		LAKEVIEW ESTATES INTEREST PAYMENT
Total	NORTHLAND TRUST SERVICES		\$6,231.25		
Paid Chk#	9916249	7/3/2014	NORTHLAND TRUST SERVICES		
	E 308-47000-611	Bond Interest	\$8,982.94		INT 2006 ST BOND
	E 308-47000-620	Fiscal Agent s Fees	\$495.00		FISCAL AGENT FEES
Total	NORTHLAND TRUST SERVICES		\$9,477.94		
Paid Chk#	9916250	7/3/2014	NORTHLAND TRUST SERVICES		
	E 332-47000-617	2002 Improve Interest	\$2,908.95		JENNY'S SUB INTEREST
Total	NORTHLAND TRUST SERVICES		\$2,908.95		
Paid Chk#	9916251	7/3/2014	NORTHLAND TRUST SERVICES		
	E 303-47000-611	Bond Interest	\$44,043.75		POPD KERNS INTEREST
Total	NORTHLAND TRUST SERVICES		\$44,043.75		
Paid Chk#	9916252	7/3/2014	ALPHA WIRELESS COMMUNICATIONS		
	E 221-42200-404	Repairs/Maint Machinery/Equip	\$69.20	671034	BATTERIES MINITOR V PAGERS
otal	ALPHA WIRELESS COMMUNICATIONS		\$69.20		
Paid Chk#	9916253	7/3/2014	LAKER ELECTRIC		
	E 101-45186-401	Repairs/Maint Buildings	\$83.92	3985	REPAIR LIGHT OUTSIDE COMM CTR BLDG BY FOOD SHELF
Total	LAKER ELECTRIC		\$83.92		
Paid Chk#	9916254	7/3/2014	LAKER ELECTRIC		
	E 101-45186-401	Repairs/Maint Buildings	\$6,530.00	3982	REPLACE LIGHTS AT COMMUNITY CENTER
Total	LAKER ELECTRIC		\$6,530.00		
Paid Chk#	9916255	7/3/2014	LAKER ELECTRIC		
	E 101-45183-404	Repairs/Maint Machinery/Equip	\$279.70	3983	CAMPGROUND EXHAUST FANS & WATERHEATER
Total	LAKER ELECTRIC		\$279.70		
Paid Chk#	9916256	7/3/2014	MUNICIPAL UTILITIES		
	E 507-46103-322	Postage	\$18.24		LAKE COMM-POSTAGE 4-1-14 TO 7-2-14
	E 205-46500-200	Office Supplies	\$45.26		EDA-POSTAGE 4-1-14 TO 7-2-14
	E 101-42100-200	Office Supplies	\$7.12		PD-POSTAGE 4-1-14 TO 7-2-14
	E 101-41400-200	Office Supplies	\$344.98		CITY-POSTAGE 4-1-14 TO 7-2-14
Total	MUNICIPAL UTILITIES		\$415.60		
Paid Chk#	9916257	7/3/2014	ABDO,EICK & MEYERS		
	E 101-41400-301	Auditing and Acct g Services	\$430.00		2013 AUDIT
Total	ABDO,EICK & MEYERS		\$430.00		
Paid Chk#	9916258	7/3/2014	ALPHA WIRELESS COMMUNICATIONS		
	E 221-42200-323	Radio-monthly service contract	\$36.00	671200	JULY FD PAGER MAINT CONTRACT
	E 231-42154-323	Radio-monthly service contract	\$44.00	671200	JULY AMB PAGER MAINT
otal	ALPHA WIRELESS COMMUNICATIONS		\$80.00		
Paid Chk#	9916259	7/3/2014	AMAZON-GE MONEY BANK		
	E 211-45500-592	A.V. Materials	\$149.60		LIBRARY AV
	E 211-45500-590	Capital Outlay Books	\$366.66		LIBRARY BOOKS
Total	AMAZON-GE MONEY BANK		\$516.26		

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June 2014 to July 2014

			Check Amt	Invoice	Comment
Paid Chk#	9916260	7/3/2014	AMERIPRIDE		
E 101-41400-401	Repairs/Maint Buildings		\$23.89	2800390834	MATS FOR CITY HALL
E 101-43100-215	Shop Supplies		\$24.76	2800390834	TOWELS FOR ST DEPT
	Total AMERIPRIDE		\$48.65		
Paid Chk#	9916261	7/3/2014	BOLTON & MENK INC.		
E 412-43100-303	Engineering Fees		\$695.48	0167327	2012-14 PROJECT ENGINEERING
E 412-43150-303	Engineering Fees		\$4,005.46	0167327	2012-14 PROJECT ENGINEERING
	Total BOLTON & MENK INC.		\$4,700.94		
Paid Chk#	9916262	7/3/2014	BORDER STATES ELECTRIC		
E 101-41400-401	Repairs/Maint Buildings		\$120.39	907460810	3-BALLASTS FOR CITY HALL
E 101-41400-401	Repairs/Maint Buildings		\$263.57	907509059	7-BALLASTS FOR CITY HALL
	Total BORDER STATES ELECTRIC		\$383.96		
Paid Chk#	9916263	7/3/2014	BOUND TREE MEDICAL		
E 231-42154-404	Repairs/Maint Machinery/Equip		\$22.59	81462902	BLOOD PRESSURE UNIT-AMB
	Total BOUND TREE MEDICAL		\$22.59		
Paid Chk#	9916264	7/3/2014	BUREAU OF CRIMINAL APPREHENSIO		
E 101-42100-433	Dues and Subscriptions		\$180.00	00000214768	ANNUAL CJDN REMOTE ACCESS FOR PD
	Total BUREAU OF CRIMINAL APPREHENSIO		\$180.00		
Paid Chk#	9916265	7/3/2014	CARDMEMBER SERVICE		
E 101-41400-200	Office Supplies		\$82.34		CITY OFFSITE COMPUTER BACKUP-1 YR
E 205-46500-200	Office Supplies		\$14.32		OFFSITE COMPUTER BACKUP-1 YR
E 101-42100-200	Office Supplies		\$32.22		PD-OFFSITE COMPUTER BACKUP-1 YR
E 101-00000-430	Miscellaneous		\$50.12		UT-OFFSITE COMPUTER BACKUP-1 YR
	Total CARDMEMBER SERVICE		\$179.00		
Paid Chk#	9916266	7/3/2014	CHAMBER OF COMMERCE		
R 101-00000-36200	Miscellaneous Revenues		\$10,000.00		LEGACY GRANT FROM TORO
	Total CHAMBER OF COMMERCE		\$10,000.00		
Paid Chk#	9916267	7/3/2014	CITIZEN PUBLISHING		
E 221-42200-430	Miscellaneous		\$30.00		PUBLIC HEARING-FD VEHICLE
E 231-42154-430	Miscellaneous		\$51.50		AMB EMT AD
E 205-46500-343	Busnes Recrut/Comm Dev		\$30.00		SALE OF PROP AD-TIF 1-7 MSC
E 205-46500-343	Busnes Recrut/Comm Dev		\$30.00		SALE OF PROP AD-TIF 1-8 BARGEN
E 205-46500-343	Busnes Recrut/Comm Dev		\$317.55		PUBLIC HEARING-TIF 1-7 MSC
E 205-46500-343	Busnes Recrut/Comm Dev		\$317.55		PUBLIC HEARING-TIF 1-8 BARGEN
E 231-42154-430	Miscellaneous		\$51.50		AMB EMT AD
E 101-41400-351	Legal Notices Publishing		\$109.50		CITY PUBLIC HEARING TIF 1-7 & 1-8
E 101-41400-351	Legal Notices Publishing		\$5.00		ADDITIONAL AFFIDAVIT
E 101-41400-351	Legal Notices Publishing		\$58.40		CEMETERY FLOWER AD
E 101-45204-407	Tree Maintenance		\$29.20		WOOD FOR SALE AD
R 101-00000-36200	Miscellaneous Revenues		\$65.70	213870	BIKE-MT LAKE ADS
R 101-00000-36200	Miscellaneous Revenues		\$65.70	214081	BIKE-MT LAKE AD
	Total CITIZEN PUBLISHING		\$1,161.60		
Paid Chk#	9916268	7/3/2014	DENNIS HULZEBOS		
E 101-45186-400	Janitor-Repairs/Maint		\$250.00		JULY MAINT AT SR CTR
E 211-45500-400	Janitor-Repairs/Maint		\$345.00		JULY MAINT AT LIBRARY
	Total DENNIS HULZEBOS		\$595.00		
Paid Chk#	9916269	7/3/2014	DUSTIN SAWATZKY		

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June 2014 to July 2014

			Check Amt	Invoice	Comment
E 101-42100-430	Miscellaneous		\$200.00		CLEAN AND WAX POLICE VEHICLES
	Total DUSTIN SAWATZKY		\$200.00		
Paid Chk# 9916270	7/3/2014	FOX LAWSON & ASSOCIATES			
E 101-00000-430	Miscellaneous		\$2,252.50	52981	ANALYSIS OF DATA,PRESENTATION TO COUNCIL
	Total FOX LAWSON & ASSOCIATES		\$2,252.50		
Paid Chk# 9916271	7/3/2014	HEIMAN FIRE EQUIPMENT			
E 221-42200-404	Repairs/Maint Machinery/Equip		\$144.75	0823970	6-HELMET LIGHT BRACKETS-FIRE DEPT
	Total HEIMAN FIRE EQUIPMENT		\$144.75		
Paid Chk# 9916272	7/3/2014	HOMETOWN SANITATION SERVICE			
E 101-45183-384	Refuse/Garbage Disposal		\$120.00		MAY 2013 GARBAGE AT CAMPGROUND
E 101-45183-384	Refuse/Garbage Disposal		\$200.00	84138	3 YD DUMPSTER-JUNE & JULY AT CAMPGROUND
	Total HOMETOWN SANITATION SERVICE		\$320.00		
Paid Chk# 9916273	7/3/2014	INDOFF INCORPORATED			
E 101-41400-200	Office Supplies		\$41.15	2468547	CASE OF PAPER
	Total INDOFF INCORPORATED		\$41.15		
Paid Chk# 9916274	7/3/2014	JOHN YSKER			
E 101-43240-111	Contract		\$250.00		JULY DUMP SALARY
	Total JOHN YSKER		\$250.00		
Paid Chk# 9916275	7/3/2014	KDOM RADIO			
R 101-00000-36200	Miscellaneous Revenues		\$82.20	054014063275	BIKE-MT LAKE ADS
E 101-00000-430	Miscellaneous		\$321.40	054014063275	MONTHLY ADS
	Total KDOM RADIO		\$403.60		
Paid Chk# 9916276	7/3/2014	LAKER ELECTRIC			
E 211-45500-401	Repairs/Maint Buildings		\$65.69	3981	REPAIR LIBRARY BATHROOM LIGHT
	Total LAKER ELECTRIC		\$65.69		
Paid Chk# 9916277	7/3/2014	LAKER GRILL			
E 221-42200-430	Miscellaneous		\$290.77		FIRE DEPT POW-WOW CANDY
	Total LAKER GRILL		\$290.77		
Paid Chk# 9916278	7/3/2014	MID-AMERICAN RESEARCH CHEMICAL			
E 101-45200-430	Miscellaneous		\$163.40	0527025	CLEANERS FOR PARKS
	Total MID-AMERICAN RESEARCH CHEMICAL		\$163.40		
Paid Chk# 9916279	7/3/2014	MIDSTATES			
E 101-43100-404	Repairs/Maint Machinery/Equip		\$20.96	214394	.095 CROSSFIRE 1/2LB DONUT
	Total MIDSTATES		\$20.96		
Paid Chk# 9916280	7/3/2014	MIDWAY FARM EQUIPMENT			
E 101-45200-404	Repairs/Maint Machinery/Equip		\$95.28	IM06306	BELT-LAWNMOWER
E 507-45150-404	Repairs/Maint Machinery/Equip		\$2.02	IM06566	O-RING-WEED HARVESTOR
	Total MIDWAY FARM EQUIPMENT		\$97.30		
Paid Chk# 9916281	7/3/2014	MINNESOTA ENERGY RESOURCE CORP			
E 101-43100-383	Gas Utilities		\$59.50		STREET GARAGE GAS-ACCT#4092120-7
E 101-45186-383	Gas Utilities		\$54.00		SR CTR GAS-ACCT#4010846-6
E 101-41400-383	Gas Utilities		\$64.30		CITY HALL GAS-ACCT#4346780-2
E 221-42200-383	Gas Utilities		\$38.56		FIRE DEPT PORTION OF FIREHALL GAS-ACCT#4296165-6
E 231-42154-383	Gas Utilities		\$18.99		AMB PORTION OF FIREHALL GAS-ACCT#4296165-6

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June 2014 to July 2014

			Check Amt	Invoice	Comment
E 211-45500-383	Gas Utilities		\$23.26		LIBRARY GAS-ACCT#4134278-3
al	MINNESOTA ENERGY RESOURCE CORP		\$258.61		
Paid Chk# 9916282 7/3/2014 MINNESOTA MUTUAL LIFE					
E 101-46200-134	Employer Paid Life		\$1.20		LIFE INS-CEMETERY
E 101-41400-134	Employer Paid Life		\$2.00		WENDY FAST-LAKER APTS-LIFE INS
E 101-43100-134	Employer Paid Life		\$3.60		LIFE INS-ST DEPT
G 101-21706	Hospitalization/Medical Ins		\$18.10		LIFE INS-ROBB ANDERSON
E 101-45200-134	Employer Paid Life		\$1.20		LIFE INS-PARKS DEPT
E 205-46500-134	Employer Paid Life		\$2.00		LIFE INS-EDA
G 101-21706	Hospitalization/Medical Ins		\$7.30		LIFE INS-DARON FRIESEN
G 101-21706	Hospitalization/Medical Ins		\$26.70		LIFE INS-KIM HALL
E 101-41400-134	Employer Paid Life		\$4.00		LIFE INS-OFFICE
E 101-42100-135	Employer Paid Other		\$2.00		BRIAN LUNZ LIFE INSURANCE
E 211-45500-134	Employer Paid Life		\$2.00		LIFE INS-LIBRARY
E 101-42100-134	Employer Paid Life		\$8.00		LIFE INS-POLICE DEPT
	Total MINNESOTA MUTUAL LIFE		\$78.10		
Paid Chk# 9916283 7/3/2014 MUNICIPAL UTILITIES					
E 101-45200-380	Elec,Water,Sewer		\$94.82		CITY PARK RESTROOMS UT
E 205-46500-380	Elec,Water,Sewer		\$85.18		UT AT BB'S DINER
E 101-45200-380	Elec,Water,Sewer		\$100.84		UT AT CITY PARK SHELTERHOUSE
E 101-45183-380	Elec,Water,Sewer		\$274.97		UT AT CAMPGROUND
E 608-46330-380	Elec,Water,Sewer		\$3.93		8-PLEX PORTION OF ST LITE ON HERITAGE DRIVE
E 607-46330-380	Elec,Water,Sewer		\$2.02		4-PLEX PORTION OF ST LITE ON HERITAGE DRIVE
E 211-45500-380	Elec,Water,Sewer		\$252.37		LIBRARY UT
E 231-42154-380	Elec,Water,Sewer		\$53.40		AMB PORTION OF FIREHALL UT
E 221-42200-380	Elec,Water,Sewer		\$108.41		FIRE DEPT PORTION OF FIREHALL UT
E 101-45186-380	Elec,Water,Sewer		\$372.02		SR CTR UT
E 101-41400-380	Elec,Water,Sewer		\$329.29		CITY HALL UT
E 101-45200-380	Elec,Water,Sewer		\$98.72		LAWCON PARK LIGHTS
E 101-43100-380	Elec,Water,Sewer		\$228.07		ST DEPT UT
	Total MUNICIPAL UTILITIES		\$2,004.04		
Paid Chk# 9916284 7/3/2014 MUSKE, MUSKE, SURHOFF					
E 101-41400-304	Legal Fees		\$1,400.00		JULY LEGAL RETAINER
	Total MUSKE, MUSKE, SURHOFF		\$1,400.00		
Paid Chk# 9916285 7/3/2014 NORTHLAND TRUST SERVICES					
E 342-47000-610	Interest		\$17,623.75		LODGE INTEREST PAYMENT
E 607-46330-610	Interest		\$1,692.50		4PLEX INTEREST
E 608-46330-610	Interest		\$4,770.00		8PLEX INTEREST
	Total NORTHLAND TRUST SERVICES		\$24,086.25		
Paid Chk# 9916286 7/3/2014 PLUNKETT S					
E 211-45500-401	Repairs/Maint Buildings		\$52.30	4262882	SERVICE AT LIBRARY
	Total PLUNKETT S		\$52.30		
Paid Chk# 9916287 7/3/2014 PRAXAIR					
E 231-42154-210	Operating Supplies		\$104.18	49649292	OXYGEN FOR AMB
E 231-42154-210	Operating Supplies		\$49.30	49703185	OXYGEN FOR AMB
	Total PRAXAIR		\$153.48		
Paid Chk# 9916288 7/3/2014 RUNNINGS					
E 101-45183-430	Miscellaneous		\$15.98	5/8/14	FLOWERS FOR CAMPGROUND
	Total RUNNINGS		\$15.98		

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June 2014 to July 2014

			Check Amt	Invoice	Comment
Paid Chk#	9916289	7/3/2014	SW DUST TREATMENT INC.		
E 101-43121-224	Street Maint Materials		\$5,790.70	3447	DUST TREATMENT
Total SW-DUST TREATMENT INC.			\$5,790.70		
Paid Chk#	9916290	7/3/2014	SW/WC SERVICE COOPERATIVES		
E 101-46200-131	Employer Paid Health		\$642.10		AUG HEALTH INS-CEMETERY
E 101-42100-135	Employer Paid Other		\$366.00		AUG HEALTH INS-BRIAN LUNZ
E 205-46500-131	Employer Paid Health		\$1,070.16		AUG HEALTH INS-EDA
E 101-42100-131	Employer Paid Health		\$3,543.54		AUG HEALTH INS-POLICE DEPT
E 101-43100-131	Employer Paid Health		\$1,926.28		AUG HEALTH INS-ST DEPT
E 101-45200-131	Employer Paid Health		\$642.10		AUG HEALTH INS-PARKS DEPT
E 211-45500-131	Employer Paid Health		\$1,070.16		AUG HEALTH INS-LIBRARY
E 101-41400-131	Employer Paid Health		\$2,140.32		AUG HEALTH INS-OFFICE
Total SW/WC SERVICE COOPERATIVES			\$11,400.66		
Paid Chk#	9916291	7/3/2014	THIRD AVENUE AUTO PARTS		
E 101-42100-430	Miscellaneous		\$61.20	S139839	MOUNT & BALANCE TIRES ON DODGE CHARGER
E 507-45150-404	Repairs/Maint Machinery/Equip		\$27.15	S140351	HYDRAULIC FILTER-WEED HARVESTOR
Total THIRD AVENUE AUTO PARTS			\$88.35		
Paid Chk#	9916292	7/3/2014	TOWNS EDGE AUTO		
E 101-42100-406	Vehicle Maint/Gen Repairs		\$46.28	70501	CHANGE OIL,FILTER,GREASE DODGE CHARGER
Total TOWNS EDGE AUTO			\$46.28		
10100 United Prairie			\$152,067.82		

Fund Summary

<u>10100 United Prairie</u>	
101 GENERAL FUND	\$55,208.95
205 ECONOMIC DEVELOPMENT AUTHORITY	\$1,914.13
211 LIBRARY FUND	\$2,329.15
221 FIRE DEPT FUND	\$717.69
231 AMBULANCE FUND	\$395.46
303 T.I.F. #1-5 POPD KERNS	\$44,043.75
307 LAKEVIEW ESTATES-DEBT SERV	\$6,231.25
308 2011 BOND REFUND-06 ST PROJ	\$9,477.94
332 2002 STREET IMPROV	\$2,908.95
342 T.I.F. #1-4 GOOD SAM	\$17,623.75
412 2012 CITY WIDE PROJECT	\$4,700.94
507 LAKE COMMISSION FUND	\$47.41
607 EDA----4 PLEX FUND	\$1,694.52
608 EDA----8 PLEX FUND	\$4,773.93
	<u>\$152,067.82</u>

Paid Chk#	000352E	7/2/2014	STATE OF MINNESOTA		
G 101-20802	Sales Tax Payable		\$249.00		2ND QTR 2014 CAMPGROUND TAX
Total STATE OF MINNESOTA			\$249.00		

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DRAFT
Mt. Lake City Council
Mt. Lake City Hall
Monday, June 23, 2014
6:30 p.m.

Members Present: Dean Janzen, Audi Nickel, David Savage, Brian Schultz, Andrew Ysker

Members Absent: None

Staff Present: Maryellen Suhrhoff, City Attorney, Muske, Muske & and Suhrhoff;
Wendy Meyer, Clerk/Administrator

Others Present: Doug Regehr; Lake Commissioners Jean Haberman and Jim Peterson;
Vern Peterson, Peterson Drug; Jacob Brandt

Call to Order

Mayor Janzen called the meeting to order at 6:30 p.m. Motion by Schultz, seconded by Savage, to add 8a. Resignation to the agenda. Motion carried unanimously. Motion by Schultz, seconded by Nickel, to adopt the consent agenda as presented and the agenda as amended. Motion carried unanimously.

Bills: Check #'s 9916156 -9916235; 349E-351E

Payroll: Check #'s 61133 - 61164

June 2 Council Minutes

May 22 Utility Commission Minutes

May 19 Planning and Zoning Commission

May Building Permits

May 8 Police Commission Minutes

May 12 Lake Commission Minutes

May 9 EDA Minutes

May 14 Library minutes and bills

Public

Vern Peterson, owner of Peterson Drug, addressed the council on Mt. Lake Code, Section 8.05, Subd. 5 - Sale of Fireworks. Peterson told the council that his business tries to offer a wide selection of items to encourage Mt. Lake residents to shop locally. He would like to sell legal fireworks but feels the \$25 fee is too high for a product sold seasonally. The ordinance, state

statute, and the reasons for the local fee amount were reviewed. Motion by Schultz, seconded by Nickel, to adopt Resolution #27-14, lowering the fee to \$5. Motion carried unanimously.

Small Cities Development Program (SCDP)

The program will be providing grant dollars for housing rehabilitation and the construction of a new well. There are policies and authorizations required by SCDP that the city has not adopted. Motion by Schultz, seconded by Ysker, to adopt of the Prohibition of Excessive Force Policy. Motion carried unanimously. Motion by Savage, seconded by Schultz, to authorization Steve Moline, Pettipiece and Associates, to submit and sign SCDP Payment Requests. Motion carried unanimously. Motion by Nickel, seconded by Schultz, to adopt Resolution #24-14 Adopting the Residential Anti-displacement and Relocation Assistance Plan under the Housing and Community Development Act of 1974 as Amended for the City of Mt. Lake. Motion carried unanimously. Motion by Nickel, seconded by Ysker, to adopt Resolution #25-14 Establishing a Program Income Policy and Revolving Loan Fund Policies and Procedures for 2014 SCDP: CDAP-13-0062-O-FY14. Motion carried unanimously.

2012-14 Utility and Street Project

It is anticipated that Kuechle Underground, the general contractor, will be requesting a completion date extension. By contract the work must be substantially completed by July 15. No action taken. Sidewalk replacement will not occur until all effected properties have had their private sewer lines replaced. The Council directed the administrator to request quotes from real estate appraisers to view a sampling of the properties that will receive special assessments due to the project. By state statute the property cannot be assessed more than the increase in market value due to the improvement.

2101 3rd Ave., Administrative Fine

The owner received an administrative fund issued for violations of Mt. Lake Code, Section 8.01, including junk vehicles and storage of refuse in August of 2013 and requested the fine be waived. The council did not waive the fine. The owner agreed to construct a fence by June 1, 2014 and move the items inside the fence. The fence has not been constructed, the violation has not been abated, and the fine has not been paid. The Council directed the issuance of a criminal citation.

Lake Commission

Janzen closed the meeting, attorney-client privilege, at 7:23 p.m. to discuss trail litigation. The meeting was opened at 8:03 p.m. No action taken.

Nickel Resignation

The resignation was reviewed. Motion by Schultz, seconded by Ysker, to thank Nickel for his service to the City and to adopt Resolution #26-14 accepting the resignation effective at the

conclusion of the council meeting and declaring a vacancy to be filled by special election at the next regular city election (Nov. 4, 2014). Voting Yes: Janzen, Savage, Schultz, Ysker. Abstaining: Nickel. Motion carried.

Adjourn

Motion by Nickel, seconded by Ysker, to adjourn at 8:10 p.m.

ATTEST:

Wendy Meyer, Clerk/Administrator

Resolution #31-14

RESOLUTION TO PERMIT GAMBLING

City of Mountain Lake, Minnesota

WHEREAS, an official of the City of Mountain Lake, Minnesota has received a Minnesota Lawful Gambling Application for an Exempt Permit submitted by the Mountain Lake Chamber of Commerce on July 2, 2014; and

WHEREAS, the City of Mountain Lake has no objection to the application, which would allow the Mountain Lake Chamber of Commerce to conduct a raffle at Good Samaritan Village, 745 Basinger Drive, in Mountain Lake, Minnesota on Tuesday November 4, 2014.

NOW THEREFORE, BE IT RESOLVED, that the City of Mountain Lake waives the 30-day waiting period and approves the application with no waiting period; and

BE IT FURTHER RESOLVED that the City of Mountain Lake recommends prompt approval of said application by the Minnesota Gambling Control Board.

Adopted this 7th day of July, 2014.

Dean Janzen, Mayor

ATTEST:

Wendy Meyer, Administrator/Clerk

**Resolution #29-14
City of Mountain Lake, Minnesota**

Appointing Election Judges

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNTAIN LAKE, MINNESOTA that pursuant to MN Statute 204B.21 the following individuals are hereby appointed as election judges for the primary and general elections to be held on August 12 and November 4, 2014.

Karen Bargaen
Lynda Cowell
Barbara Crawford
Diane Englin
Dawn Fast
Vern Goehring
Jane Goehring
Heidi Jahnke
Mary Jefferson
Bertha Klassen
Loyal Klassen
Lois Korn
Linda Letellier
Jerry Logue
Pam Logue
Wendy Meyer
Esther Nelson
Jill Pankratz
Pam Radtke
Miranda Stoesz
Grace Telles
Eileen Thiessen
Mony Vetsouvanh

Adopted this 7th day of July, 2014.

Mayor

ATTEST:

Administrator/Clerk

CITY OF MOUNTAIN LAKE (MINNESOTA)

**MODIFIED REDEVELOPMENT PLAN FOR
MODIFIED REDEVELOPMENT PROJECT NO. 1**

AND

**TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT
NO. 1-7**

(MILK SPECIALTIES)

ADOPTED (RESOLUTION NO. XXXX-XX)

REDEVELOPMENT PLAN:

ORIGINAL ADOPTION: AUGUST 19, 2013

MODIFICATION NO. 1: JANUARY 10, 2014

MODIFICATION NO. 2: _____

TAX INCREMENT FINANCING PLAN:

PUBLIC HEARING: JULY 7, 2014

ORIGINAL TIF PLAN APPROVED: _____

REQUEST FOR CERTIFICATION: _____

DISTRICT CERTIFIED: _____



NORTHLAND STRATEGIES
Special Projects Group

Northland Securities, Inc.
45 South 7th Street, Suite 2000
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The Mountain Lake Economic Development Authority proposes to provide tax increment financing assistance to facilitate public improvements and private development projects in Redevelopment Project No. 1. This document contains the modified Redevelopment Plan for achieving the objectives of a modified Redevelopment Project No. 1 through the establishment of a Tax Increment Financing Plan and use of Tax Increment Financing (Economic Development) District No. 1-7.

Redevelopment Project No. 1 was originally proposed by the Mountain Lake Economic Development Authority and established and approved by the City of Mountain Lake on August 19, 2013. The Redevelopment Plan for Redevelopment Project No. 1 was proposed and approved on the same date.

SECTION 1.02 DEFINITIONS

The terms defined below, for purposes hereof, and for purposes of any Tax Increment Financing Districts and Plans which may be now or hereafter established and approved within the Redevelopment Project, shall have the following respective meanings, unless the context specifically requires otherwise. As in Minnesota Statutes, Section 469.058, the term “development” includes redevelopment, and the term “developing” includes redeveloping.:

1. “Authority” means the Mountain Lake Economic Development Authority, established pursuant to the Enabling Act and City Resolution No. 7-89.
2. “City” means the City of Mountain Lake, Minnesota.
3. “City Council” means the City Council of the City.
4. “County” means Cottonwood County, Minnesota.
5. “Developer” means a party undertaking construction or renovation in the TIF District.
6. “Economic Development District” means Project Area which the Authority has designated as an Economic Development District, pursuant to Minnesota Statutes, Section 469.090 through 469.108, inclusive, as amended.
7. “Enabling Act” means (1) the Minnesota Municipal Housing and Redevelopment Act codified as Minnesota Statutes, Sections 469.001 through 469.047, and (2) the Economic Development Authority Act codified as Minnesota Statutes, Section 469.090 to 469.1082, including all powers provided or referenced therein, and as the same may be amended or supplemented.
8. “Project Area” means the real property within the City constituting the Redevelopment Project and the Economic Development District as modified and currently depicted and described in the attached Article II and Exhibit V.
9. “Public Costs” means the public redevelopment costs of the Redevelopment Project.
10. “Redevelopment Plan” means the modified Redevelopment Plan for the Redevelopment Project (this document), as the same may, from time to time, be amended or supplemented.
11. “Redevelopment Project” means modified Redevelopment Project No. 1 of the Authority, as the same may, from time to time, be amended or supplemented.
12. “School District” means Mountain Lake Public Schools (ISD #173).
13. “State” means the State of Minnesota.

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14. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, inclusive, as amended.
15. "TIF District" means Tax Increment Financing (Economic Development) District No. 1-7.
16. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 EXHIBITS

The following exhibits are attached to and by reference made a part of this Redevelopment Plan and Tax Increment Financing Plan:

- Exhibit I: Present Value Analysis.
- Exhibit II: Projected Tax Increment.
- Exhibit III: Impact on Other Taxing Jurisdictions.
- Exhibit IV: Estimated Tax Increment Over Life of District.
- Exhibit V: Map of Boundaries of Project Area and of TIF District

SECTION 1.04 PLAN PREPARATION

This document was prepared for the City and Authority by Northland Securities, Inc.

ARTICLE II – STATEMENT OF PUBLIC PURPOSE AND AUTHORITY

SECTION 2.01 ENABLING ACT; STATUTORY AUTHORITY

Pursuant to the Enabling Act, the City was authorized to establish an economic development authority that has the same powers as an economic development authority under Minnesota Statutes, Section 469.090 to 469.1082, or other law, as well as the powers of a municipal housing and redevelopment authority established under Minnesota Statutes, Section 469.001 to 469.047, or other law. In addition the Enabling Act authorized the City, upon establishment of such an economic development authority, to exercise all the powers relating to an economic development authority granted to a city by Minnesota Statutes, Section 469.090 to 469.1082, or other law, and all the powers relating to a housing and redevelopment authority granted to a city by Minnesota Statutes, Section 469.001 to 469.047, or other law.

Pursuant to Resolution No. 7-89 adopted by the Council on July 5, 1989, the City thereby established the Authority as the entity authorized by the Enabling Act.

It is the intention of the City, notwithstanding the enumeration of specific goals and objectives in the Redevelopment Plan, that the City and Authority shall have and enjoy with respect to the Redevelopment Project the full range of powers and duties conferred upon the Authority pursuant to the Enabling Act, the Tax Increment Act, and such other legal authority as the Authority may have or enjoy from time to time.

SECTION 2.02 STATEMENT AND FINDING OF PUBLIC PURPOSE

The City finds that there is a need for development within the City and the Redevelopment Project to provide employment opportunities, to improve the local tax base, and to improve the general economy of the City and the State.

The City finds that in many cases such marginal property cannot be developed without public participation and assistance in forms including property acquisition and/or write down, proper planning, the financing of land assembly in the work of clearance or development, and the making and/or financing of various other public and private improvements necessary for development. In cases where the development of marginal and other property cannot be done by private enterprise alone, the City believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such development.

The City finds that in certain cases property within the Project Area would or may not be available for development without the specific financial aid to be sought, that the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise, and that the Redevelopment Plan conforms to the general plan for the development of the City as a whole.

The City also finds that the welfare of the City and the State requires the active promotion, attraction, encouragement, and development of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment. It shall also be the policy of the Authority to facilitate and encourage such action as may be necessary to prevent the economic deterioration of such areas to the point where the process can be reversed only by total redevelopment. Through the use of the powers conferred on the City pursuant to the Enabling Act, promoting economic development may prevent the occurrence of conditions requiring redevelopment and prevent the emergence of blight, marginal land, and substantial and persistent unemployment.

The Redevelopment Plan shall also include the goals (1) of providing an impetus for residential

development desirable or necessary to accommodate increased population within the City and (2) of helping to achieve affordable housing goals, including through payment or reimbursement of certain infrastructure or other costs of the housing developments.

SECTION 2.03 BOUNDARIES OF PROJECT AREA

The area within the modified Project Area is described in Exhibit V. The Project Area is inclusive of the area within Tax Increment Financing Districts No. 1-5 and No. 1-6 and Tax Increment Financing District No. 7. The Project Area shall also include all adjacent roadways, rights-of-way and other areas wherein will be installed or upgraded the various public improvements necessary for and part of the overall project. The City finds that the modified Project Area, together with the objectives which the City seeks to accomplish or encourage with respect to such property, constitutes a "redevelopment project" and a "redevelopment plan" within the meaning of Minnesota Statutes, Section 469.002, Subdivisions 14 and 16, and constitutes an "economic development district" under Minnesota Statutes, 469.090 through 469.1082, inclusive, as amended.

ARTICLE III - REDEVELOPMENT PLAN

SECTION 3.01 STATEMENT OF OBJECTIVES

The modification of the established Project Area in the City pursuant to the Enabling Act is necessary and in the best interests of the City and its residents and is necessary to give the City and the Authority the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the Authority in the normal development process.

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

- (a) Provide for the acquisition of land and construction and financing of building(s), site improvements, and/or public utilities in the Project Area which are necessary for the orderly and beneficial development of the Project Area and adjacent areas of the City.
- (b) Promote and secure the prompt and unified development of certain property in the Project Area, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
- (c) Promote and secure additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
- (d) Secure the increase of assessed values of property subject to taxation by the City, School, County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.
- (e) Promote the concentration of new unified development consisting of desirable manufacturing, industrial, housing and other appropriate development in the Project Area so as to maintain the area in a manner compatible with its accessibility and prominence in the City.
- (f) Encourage the expansion and improvement of local business, economic activity and development and housing development, whenever possible.
- (g) Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new buildings.

SECTION 3.02 DEVELOPMENT ACTIVITIES

The Authority will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Enabling Act, the Tax Increment Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the Authority:

- (a) The making of studies, planning, and other formal and informal activities relating to the Redevelopment Plan.
- (b) The implementation and administration of the Redevelopment Plan.
- (c) The rezoning of land within the Project Area.
- (d) The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Redevelopment Plan,

- (e) The preparation of property for use and development in accordance with applicable Land Use Regulations and the Development Agreement, including demolition of structures, clearance of sites, placement of fill and grading.
- (f) The resale of property to private parties.
- (g) The construction or reconstruction of improvements described in Section 4.7 hereof.
- (h) The issuance of Tax Increment Bonds to finance the Public Costs of the Redevelopment Plan, and the use of Tax Increments or other funds available to the City and the Authority to pay or finance the Public Costs of the Redevelopment Plan incurred or to be incurred by it.
- (i) The use of Tax Increments to pay debt service on the Tax Increment Bonds or otherwise pay or reimburse with interest the Public Costs of the Redevelopment Plan.

SECTION 3.03 PAYMENT OF PUBLIC COSTS

It is anticipated that the Public Costs of the Redevelopment Plan will be paid primarily from proceeds of Tax Increment Bonds or from Tax Increments. The Authority reserves the right to utilize other available sources of revenue, including but not limited to lease payments, special assessments and user charges, which the Authority may apply to pay a portion of the Public Costs.

SECTION 3.04 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

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

SECTION 3.05 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Project Area if created will be created in accordance with the zoning and platting ordinances of the City.

SECTION 3.06 PROPOSED REUSE OF PROPERTY

The Redevelopment Plan contemplates that the Authority may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the Authority will require the execution of a binding development agreement with respect thereto and evidence that Tax Increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the Authority to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any Development Agreement to which the Authority is a party.

SECTION 3.07 ADMINISTRATION AND MAINTENANCE OF PROJECT AREA

Maintenance and operation of the Project Area will be the responsibility of the city administrator who shall serve as administrator of the Project Area. Each year the administrator will submit to the Authority the maintenance and operation budget for the following year.

The administrator will administer the Project Area pursuant to the Enabling Act; provided, however, that such powers may only be exercised at the direction of the Authority. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the Authority.

SECTION 3.08 RELOCATION

Any person or business that is displaced as a result of the Redevelopment Plan will be relocated in accordance with Minnesota Statutes, Section 117.50 to 117.56. The City and the Authority accepts its responsibility for providing for relocation assistance when applicable.

SECTION 3.09 AMENDMENTS

The Authority reserves the right to alter and amend the Redevelopment Plan and the Tax Increment Financing Plan, subject to the provisions of state law regulating such action. The City and the Authority specifically reserves the right to enlarge or reduce the size of the Project Area and the Tax Increment District, the Redevelopment Plan and the Public Costs of the Redevelopment Plan and the amount of Tax Increment Bonds to be issued to finance such cost by following the procedures specified in Minnesota Statutes, Section 469.175, Subdivision 4.

SECTION 3.10 FINDINGS AND DECLARATION

The Authority makes the following findings:

- (a) The land in the Project Area would not be made available for redevelopment without the financial aid sought.
- (b) The Redevelopment Plan for the Project Area in the City will afford maximum opportunity consistent with the needs of the locality as a whole, for the redevelopment of the area by private enterprise.
- (c) The Redevelopment Plan conforms to the general plan for development of the City as a whole.

ARTICLE IV - TAX INCREMENT FINANCING DISTRICT AND PLAN

SECTION 4.01 STATUTORY AUTHORITY

Tax Increment Financing (Economic Development) District No. 1-7 and this TIF Plan are established under the authority of the TIF Act (Minnesota Statutes 2013). For future reference in administering the TIF Plan, a copy of the TIF Act (2013) will be included in the TIF record book for TIF District 1-7.

SECTION 4.02 PLANNED DEVELOPMENT

4.02.1 *Statement of Objectives*

The objectives which the Authority seeks to achieve through the implementation of this Tax Increment District (the "District") are set out in the Redevelopment Plan.

4.02.2 *Development Program*

The development program which the Authority seeks to further through the implementation of this District and its Tax Increment Plan is the Redevelopment Plan.

4.02.3 *Project Description*

The City and the Authority are pursuing the establishment of the TIF District to assist the Authority in financing for a new economic development project that will involve the construction of an approximately 29,000 SF manufacturing facility within the City. The Authority will convey property to Milk Specialties, Inc., including a building and land. The Authority plans to use captured tax increment to reimburse itself for the land and building advance through an Interfund Loan. It is anticipated that the project will result in the creation of 2 new jobs at wage level of \$12.61 per hour.

4.02.4 *Authority Plans and Redevelopment Plan*

In addition to achieving the objectives of the Redevelopment Plan, the proposed development is consistent with and works to achieve the development objectives of the Authority. The TIF Plan for the TIF District conforms to the general plan for development of the City as a whole.

4.02.5 *Land Acquisition*

The City does not plan to acquire property within the TIF District.

4.02.6 *Development Activities*

As of the date of approval of this TIF Plan, there are no development activities proposed in this TIF Plan that are subject to contracts.

4.02.7 *Need for Tax Increment Financing*

In the opinion of the City and the Authority, the proposed development would not reasonably be expected to occur solely through private investment within the 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 TIF District permitted by the TIF Plan.

The reasons and facts supporting this finding include the following. The City and the Authority have determined that no other development is expected to occur on the site that would create a greater market value than the proposed expansion by the Developer, after adjusting for the tax increment assistance. Analysis of the site shows that continued and expanded industrial use

results in a greater increase in market value than other possible land uses.

Furthermore, given the location of the property and the property's zoning classification, housing or other commercial uses are not appropriate or likely for the site. The City and the Authority find that without the use of tax increment financing, the proposed and preferred economic development project will not occur.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the proposed development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 4.03 TAX INCREMENT FINANCING DISTRICT

4.03.1 Designation

This TIF District is designated Tax Increment Financing (Economic Development) District No. 1-7 (Milk Specialties).

4.03.2 Boundaries of TIF District

The boundaries of the TIF District are shown in Exhibit V. The TIF District includes the following parcel and adjacent right of way: PID No. 22-421-0040.

The TIF District shall also include all adjacent roadways, rights-of-way and other areas wherein will be installed or upgraded the various public improvements necessary for and part of the overall project.

4.03.3 Type of District

The TIF District is established as an "economic development" district pursuant to Minnesota Statutes Sections 469.174, Subd. 12 and 469.176, Subd. 4c. These sections of the TIF Act allow tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

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

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

- (1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
- (2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;
- (3) research and development related to the activities listed in clause (1) or (2);
- (4) telemarketing if that activity is the exclusive use of the property;
- (5) tourism facilities; or

(6) space necessary for and related to the activities listed in clauses (1) to (5).

The current project within the TIF District relates to plans by the Developer to expand their existing manufacturing and warehousing facility in the City.

SECTION 4.04 PLAN FOR USE OF TAX INCREMENT

4.04.1 Estimated Tax Increment

The original tax capacity of value of the TIF District will be set by the County upon request for certification. The original tax capacity value may change over time based on the use and tax classification of each parcel. For the purposes of this Plan, the estimated original tax capacity is \$6,928. This amount is based on the most recent published estimated market value of the property. The original estimated market value of the new parcel to be created is \$383,900 with tax capacity value calculated for commercial-industrial property.

The total tax capacity value of the property after completion of planned development is estimated to be \$43,800. This amount is based on a total estimated market value of \$2,265,000 with property classified as commercial-industrial. The difference between the total tax capacity value and the original tax capacity value is the captured tax capacity value for the creation of tax increment. It is the Authority's intent to retain 100% of the captured tax capacity value for the life of the TIF district.

The total local tax rate for taxes payable in 2014 is 150.026%. The local tax rate certified by the county auditor will be the sum of all the local tax rates excluding that portion of the school rate attributable to the general education levy (under Minnesota Statutes Section 126C.13) that apply to property in the district. The TIF Plan assumes that the rate of 150.026% will be set as the original tax rate for the District.

Under these assumptions, the estimated annual tax increment upon completion of all phases of redevelopment will be \$55,318. The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual property value produced by the proposed development and the changes in property value and state tax policy over the life of the district.

Exhibit II contains the projected tax increment over the life of the District.

4.04.2 Development Costs

The Authority will use tax increment to reimburse itself for the land and building advance to Milk Specialties through an interfund loan. By conveying the Property, the Authority will forgo receipt the full market price of the Property. Such forbearance represents an advance of Authority funds in the amount of \$450,000. The City will use 95% of the tax increment revenue collected semi-annually to reimburse itself for the land and building advance.

The remaining 5% of the annual tax increment collected by the Authority will be used primarily to pay for eligible administrative expense.

The Authority does not expect other revenues will be used to finance or pay for public costs associated with the development in the TIF District. However, the Authority reserves the right to use any other legally available revenues to finance or pay for public costs

4.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Public Costs of the TIF District, are itemized in Figure 4-2. These estimates are based on the best available information in the sources and uses of funds. Such costs are eligible for reimbursement from tax increments, and other listed sources of revenue from the TIF District.

**FIGURE 4-2
ESTIMATED SOURCES AND USES OF FUNDS**

The City and the Authority reserves the right to administratively adjust the amount of any of the items listed in Figure 4-2 to incorporate additional eligible items, so long as the total estimated project/financing costs to be paid from tax increment is not increased.

PRELIMINARY FOR DISCUSSION PURPOSES ONLY

	Totals
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$546,000
Interest and investment earnings	\$15,000
Sales/lease proceeds	\$0
Market value homestead credit	\$0
Total Estimated Tax Increment Revenues	\$561,000
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$450,000
Site improvements/preparation costs	\$0
Utilities	\$0
Other qualifying improvements	\$0
Construction of affordable housing	\$0
Small city authorized costs, if not already included above	\$0
Administrative costs	\$28,000
Estimated Tax Increment Project Costs	\$478,000
Estimated financing costs	
Interest expense	\$83,000
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$561,000
Estimated Financing	
Total amount of bonds to be issued	\$450,000

4.04.4 Administrative Expense

The Authority will retain five percent (5%) of annual tax increment revenues, less fees paid to the County. The Authority will use these monies to pay for and reimburse the Authority for costs of administering the TIF district allowed by the TIF Act. Based on current projections, this amount is estimated to be \$27,284 over the proposed life of the TIF District. Anticipated administrative expenses of the TIF District include annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement. The Authority may also reimburse itself for costs associated with the establishment of the TIF District, including the TIF Plan.

4.04.5 County Road Costs

The proposed development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

4.04.6 Bonded Indebtedness

The Authority does not expect to incur any bonded indebtedness as a result of the TIF Plan. The Authority anticipates it may loan or advance money from its general fund or any other fund it has legal authority to use to finance qualifying TIF expenditures, such as costs of administering the TIF District. An interfund loan or advance is defined in the TIF Act as a bond or a qualifying obligation. Before money is transferred, advanced, or spent, the loan or advance shall be authorized by resolution of the Authority. For the loan or advance to be repaid with TIF revenues, an interfund loan agreement must be in place before any loans or advances are made. The terms and conditions for repayment of the loan must be in writing and include, at minimum, (i) the principal amount of the loan or advance, (ii) the interest rate to be charged, and (iii) its maximum term. The maximum rate of interest that can be charged is limited to the annual rate charged by the State Courts or by the Department of Revenue, whichever is greater.

4.04.7 Duration of TIF District

The TIF Act allows tax increments to be collected from the TIF District for a period not to exceed eight (8) years from the date of receipt of the first tax increment. The Authority reserves the right to collect tax increments for this period to undertake additional eligible activities within the TIF District and the Redevelopment Project.

Under the current schedule for development, the first tax increment is estimated to be collected in 2016 (construction completed in 2014) creating the authority to collect tax increments through 2024. The Authority expects to request decertification of the TIF District after reimbursement of all eligible public costs and administrative expense but no later than after the final receipt of taxes payable estimated to occur in 2024 or no later than 8 years after the first year of tax increment collection.

4.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibits III and IV show the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The Authority anticipates minimal impact of the proposed development on city-provided services. A slight increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the development.

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4.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The Authority will include this statement with the request for certification to the County Auditor. If building permits had been issued during this time period, then the County Auditor would increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

ARTICLE V – ADMINISTERING THE TIF DISTRICT

SECTION 5.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan, the Authority shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The Authority shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.
3. The Authority shall send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

SECTION 5.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City and the Authority reserves the right to modify the TIF District and the TIF Plan. Under current State Law, the following actions can only be approved only after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated public costs.
- Designation of additional property to be acquired by the Authority.

Other modifications can be made by resolution of the City Council and the Authority. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the Authority agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 5.03 4-YEAR KNOCKDOWN RULE

The 4-Year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or the owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 5.04 POOLING/5-YEAR RULE

At least 80% of the tax increments (net of administrative expenses) from this TIF District (the "In-District Percentage") must be expended on activities within the TIF District, including payment on any bonds for which the proceeds were used to finance activities within the TIF District. Up to 20% of the tax increments from this TIF District may be used to finance activities outside the TIF District but within the Development District.) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district are for the purposes described in Minnesota Statute, 469.1763, Subd. 2(d).

Tax increments are considered to have been "spent" within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district; or
- in the case of a housing district, used for a housing project, as defined in section 469.174, subdivision 11.

It is anticipated that all tax increments collected in the TIF District will spent or obligated within this time period. Unless the TIF Plan is modified within this five-year period and additional expenditures are authorized, tax increments will only be used to pay for authorized redevelopment costs and administrative expenses.

SECTION 4.05 6-YEAR RULE

Beginning with the sixth year after certification of the TIF District, and in each year following, if the in-district percentage of the tax increment received from the county exceeds the costs spent on in-district obligations that year, the excess must be used only to pay or defease the following

or be set aside to pay the following:

- (i) outstanding bonds and contracts;
- (ii) credit enhanced bonds to which tax increment was pledged, but only to the extent that revenues of the district to which the credit enhanced bonds were issued are insufficient to pay the bonds; or
- (iii) additional expenditures authorized in the TIF plan for housing projects that have not been funded with the proceeds of bonds or for public infrastructure purposes within a biotechnology and health sciences industry zone.

By requiring the in-district percentage of tax increment to be used for these purposes in each year, the TIF Act subjects pooling to an annual limit in addition to the overall or cumulative limit.

The TIF district must be decertified, and any pledge of tax increment to bonds discharged, once the outstanding bonds have been defeased and sufficient money has been set aside to pay for:

- (i) outstanding contractual obligations under the 5-Year Rule;
- (ii) housing projects specified in the TIF plan that have not been funded with the proceeds of bonds issued under the 5-Year Rule; and
- (iii) the additional expenditures permitted by the TIF plan for qualified low income housing.

SECTION 5.05 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The Authority will comply with the annual reporting requirements of State Law pursuant to the guidelines of the Office of the State Auditor. Under current law, the Authority must prepare and submit a report on the TIF district on or before August 1 of each year. The Authority must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 5.06 BUSINESS SUBSIDY COMPLIANCE

The Authority will comply with the business subsidies requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995.

Exhibit I

**City of Mountain Lake
Tax Increment Financing District No. 1-7
Present Value Analysis As Required By
Minnesota Statutes 469.175(3)(2)
*Milk Specialties***

1	Estimated Future Market Value w/ Tax Increment Financing	2,653,808
2	Payable 2014 Market Value	<u>383,900</u>
3	Market Value Increase (1-2)	2,269,908
4	Present Value of Future Tax Increments	<u>427,550</u>
5	Market Value Increase Less PV of Tax Increments	1,842,358
6	Estimated Future Market Value w/o Tax Increment Financing	449,800 ¹
7	Payable 2014 Market Value	<u>383,900</u>
8	Market Value Increase (6-7)	<u>65,900</u>
9	Increase in MV From TIF	<u><u>1,776,458</u></u> ²

¹ Assume 2.00% annual appreciation over 8 year life of district.

² Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.

TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 1-7

PRELIMINARY FOR DISCUSSION PURPOSES ONLY

Exhibit II
City of Mountain Lake
Tax Increment Financing District No. 1-7
Projected Tax Increment
Milk Specialities

TIF District	Year	Taxes Payable Year	New Tax Capacity ₁	Base Tax Capacity	Captured Tax Capacity	Assumed Original Tax Rate	100.00% Estimated Tax Increment	5.00% City Admin.	0.36% State Auditor Deduct.	Available Net Annual Tax Increment	Total PV of Net Available TIF 4.00%
1	2015	2016	43,800	(6,928)	36,872	150.026%	55,318	(2,766)	(199)	52,353	50,339
2	2016	2017	44,676	(6,928)	37,748	150.026%	56,632	(2,821)	(204)	53,607	49,855
3	2017	2018	45,570	(6,928)	38,642	150.026%	57,972	(2,888)	(209)	54,875	98,907
4	2018	2019	46,481	(6,928)	39,553	150.026%	59,340	(2,956)	(214)	56,170	147,168
5	2019	2020	47,411	(6,928)	40,483	150.026%	60,734	(3,026)	(219)	57,490	194,644
6	2020	2021	48,359	(6,928)	41,431	150.026%	62,157	(3,097)	(224)	58,837	241,346
7	2021	2022	49,326	(6,928)	42,398	150.026%	63,608	(3,169)	(229)	60,210	287,282
8	2022	2023	50,312	(6,928)	43,384	150.026%	65,088	(3,243)	(234)	61,611	332,462
9	2023	2024	51,319	(6,928)	44,391	150.026%	66,598	(3,318)	(240)	63,040	376,894
TOTAL =							547,447	(27,284)	(1,971)	518,192	

Key Assumptions

- 1 Base value annual growth assumption = 2.00%
- 2 Property Tax rate from County = 2014
- 3 Base Value = \$383,900 (existing building and land)
- 4 New Value = \$2,265,000 (includes existing building and land valued at \$450,000 plus new building valued at \$60.50/SF or \$1,815,000)
- 5 Present value is based on semi-annual payments.
- 6 Cash flow assumes 5% for City Administration.
- 7 PID = 22.421.0040

5/16/2014



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Exhibit III
City of Mountain Lake
Tax Increment Financing District No. 1-7
Impact on Other Taxing Jurisdictions
(Taxes Payable 2014)
Milk Specialties

ANNUAL TAX INCREMENT

Estimated Annual Captured Tax Capacity (Full Development)	\$44,391
Payable 2014 Local Tax Rate	<u>150.026%</u>
Estimated Annual Tax Increment	\$66,598

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Mountain Lake	512,929	44,391	8.65%
Cottonwood County	30,192,575	44,391	0.15%
ISD 173	6,622,673	44,391	0.67%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Mountain Lake	118.780%	79.173%	52,727	10.280%
Cottonwood County	27.327%	18.215%	12,131	0.040%
ISD 173	3.801%	2.534%	1,687	0.025%
Other	0.118%	0.079%	52	
Totals	<u>150.026%</u>	<u>100.000%</u>	<u>66,597</u>	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

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TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 1-7

Exhibit IV

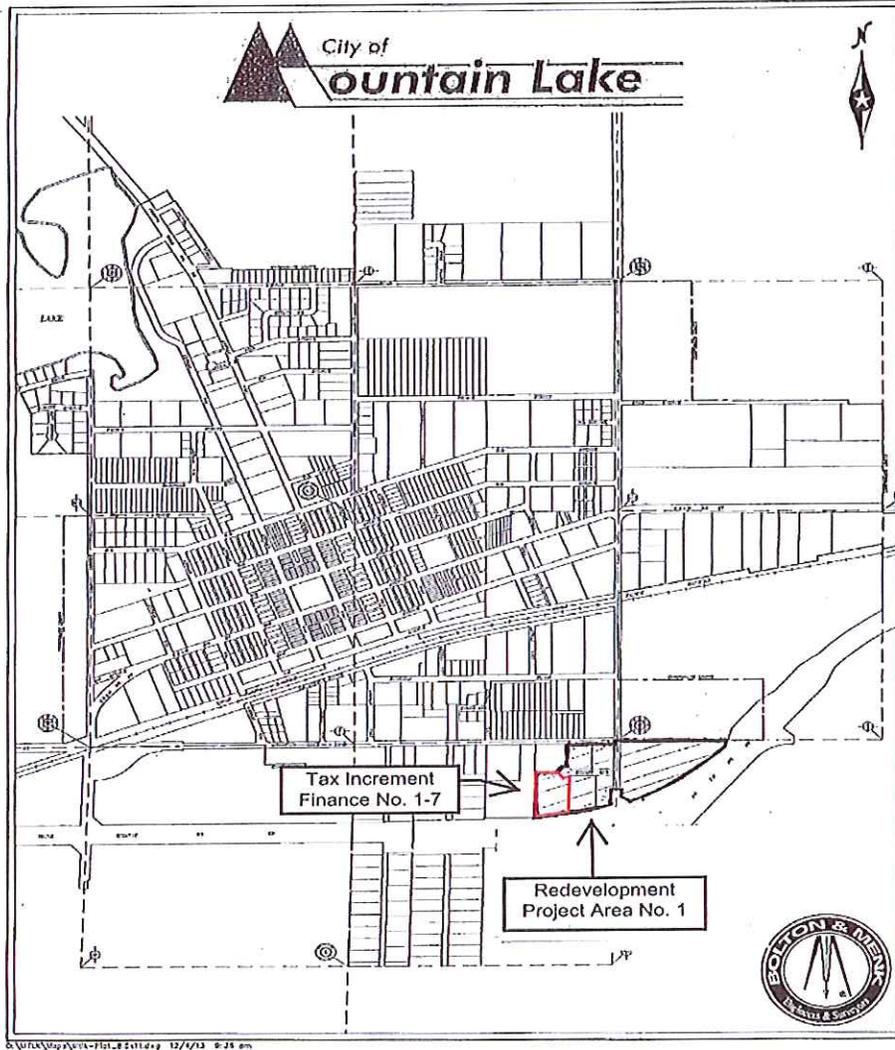
City of Mountain Lake
 Tax Increment Financing District No. 1-7
 Estimated Tax Increments Over Maximum Life of District
 Milk Specialities

Based on Pay 2014 Tax Rate = 150.026% 118.780% 27.327% 3.801% 0.118%

TIF District Year	Taxes Payable Year	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increment	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2016	43,800	(6,928)	36,872	55,318	43,797	10,076	1,402	43
2	2017	44,676	(6,928)	37,748	56,632	44,837	10,315	1,435	45
3	2018	45,570	(6,928)	38,642	57,972	45,898	10,560	1,469	45
4	2019	46,481	(6,928)	39,553	59,340	46,981	10,809	1,503	47
5	2020	47,411	(6,928)	40,483	60,734	48,085	11,063	1,539	47
6	2021	48,359	(6,928)	41,431	62,157	49,211	11,322	1,575	49
7	2022	49,326	(6,928)	42,398	63,608	50,360	11,586	1,612	50
8	2023	50,312	(6,928)	43,384	65,088	51,532	11,856	1,649	51
9	2024	51,319	(6,928)	44,391	66,598	52,727	12,131	1,687	53
Total					547,447	433,428	99,718	13,871	430

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Exhibit V
Boundaries of Redevelopment Project Area No. 1 and Tax Increment Financing District No. 1-7



Note: The Project Area is inclusive of the area within Tax Increment Financing District No. 1-5, No. 1-6, and No. 1-7. The boundaries of Redevelopment Project Area No. 1 was originally established on August 19, 2013, to be inclusive of the boundaries of Tax Increment Financing District No. 1-5. The boundaries are modified to include the boundaries of Tax Increment Financing District No. 1-7. The modified boundaries of Redevelopment Project Area No. 1 are contiguous. The Project Area includes all adjacent roadways, rights-of-way and other areas wherein will be installed or upgraded the various public improvements necessary for and part of the overall project.

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

HELD: July 7, 2014

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Mountain Lake, Cottonwood County, Minnesota was duly called and held on the 7th day of July, 2014, at 6:30 p.m.

The following members of the Council were present:

and the following were absent:

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION #28-14

RESOLUTION APPROVING MODIFIED REDEVELOPMENT PROJECT NO. 1 AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-7 WITHIN REDEVELOPMENT PROJECT NO. 1 AND APPROVING THE ADOPTION OF THE MODIFIED REDEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN RELATING THERETO

A. WHEREAS, it has been proposed that the City of Mountain Lake, Minnesota, (the "City") approve the Modified Redevelopment Project No. 1 (the "Redevelopment Project"); approve and accept the Modified Redevelopment Plan for the Redevelopment Project (the "Redevelopment Plan"); establish Tax Increment Financing District No. 1-7 therein (the "TIF District"); and approve and accept the proposed Tax Increment Financing Plan therefor (the "TIF Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 through 469.068, inclusive, as amended, Minnesota Sections 469.174 to 469.1794, inclusive, as amended, (collectively, the "Act"), and Minnesota Sections 469.090 to 469.1082, inclusive, as amended; and

B. WHEREAS, the proposed Redevelopment Plan and the proposed TIF Plan (together, the "Plans") have been prepared and are contained in that certain document entitled in part "Modified Redevelopment Plan for Modified Redevelopment Project No. 1 and Tax Increment Financing Plan for Tax Increment Financing (Economic Development) District No. 1-7" ("Milk Specialties") and presented for the Board's consideration and approval; and

C. WHEREAS, the Mountain Lake Economic Development Authority (the "Authority") shall meet on Monday, July 7, 2014, to hold a public hearing on the adoption of a modification to Economic Development District No. 1 pursuant to Minnesota Statutes, Section 469.090 through 469.1082, inclusive, as amended; and

D. WHEREAS, the City has performed all actions required by law to be performed prior to the City's adoption of the Redevelopment Project and the establishment of the TIF District therein, and the adoption of the Redevelopment Plan and TIF Plan therefor, including, but not limited to, notification of Cottonwood County and Independent School District No. 173 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing, including for the business subsidy, upon published and mailed notice as required by law; and

E. WHEREAS, certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and submitted to the Board and/or made a part of the City or Authority files and proceedings on the Plans. The Reports include data, information and/or substantiation constituting or relating to (1) the "studies and analyses" on why the new TIF District meets the so-called "but for" test and the tests for establishing a economic development tax increment financing district under the Act and (2) the basis for the other findings and determinations made in this Resolution. The City 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; and

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

1. Redevelopment Plan Findings. The City Council finds, determines and declares that with respect to the Redevelopment Plan:

(a) That the land in the Redevelopment Project would not be made available for redevelopment without the financial aid to be sought.

(b) That the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the redevelopment of the Redevelopment Project and adjacent areas by private enterprise;

(c) That the Redevelopment Plan conforms to the general plan for the development or redevelopment of the City as a whole, and the anticipated development is in furtherance of long range plans of the City for that area; and

(d) That the Redevelopment Plan is intended and, in the judgment of the Authority, its effect will be, to promote the public purposes and accomplish the objectives specified in the Redevelopment Plan for the Redevelopment Project.

2. Redevelopment Project No. 1. There is hereby established in the City Redevelopment Project No. 1, the modified boundaries of which are fixed and determined as described in the Redevelopment Plan.

3. Redevelopment Plan. The Redevelopment Plan, as modified, for Redevelopment Project No. 1, is adopted as the Redevelopment Plan for Redevelopment Project No. 1.

4. Tax Increment Financing District No. 1-7. There is hereby established in the City within Redevelopment Project No. 1, Tax Increment Financing District No. 1-7, the initial boundaries of which are fixed and determined as described in the TIF Plan.

5. Tax Increment Financing Plan. The TIF Plan is hereby approved and adopted as the TIF Plan for the TIF District, and the Board makes the following findings:

(a) The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, and development in the TIF District will result in increased employment in the State and the preservation and enhancement of the tax base of the State.

(b) Development in the TIF District will create or retain jobs in this state, including construction jobs, through the construction of commercial and industrial improvements in the TIF District.

(c) The proposed development, in the opinion of the City Council, would not occur solely through private investment. The reasons supporting this finding are that:

i. The need for the use of tax increment financing has been determined in negotiations with the tenant of the project. The tenant has provided supporting materials to attest to inability to enter into agreement with the Authority without the assistance for the development. The Authority will finance and construct a manufacturing facility to be leased to a private tenant. The extraordinary cost of the facility results in lease payments which have proven to be prohibitive. Therefore, tax increments are needed together with the lease payments to finance the facility.

ii. The proposed project will allow an existing business to expand within the City of Mountain Lake. The proposed development consists of the construction of an approximately 29,000 square foot manufacturing facility on property within the City. Retaining this business and related jobs in the City is important to the economic future of the community.

iii. Private investment will not finance these development activities because of the prohibitive costs of the underlying infrastructure. It is necessary to finance a portion of these costs through the use of tax increment financing.

iv. A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is found in Exhibit I of the TIF Plan, 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 TIF District and the use of tax increments.

v. In the opinion of the City Council, 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 TIF District permitted by the TIF Plan. The reasons supporting this finding can be found in Exhibit I of the TIF Plan.

(d) The TIF Plan for the TIF District conforms to the general plan for development of the City as a whole.

The reasons for supporting this finding are that:

i. The TIF District is properly zoned.

ii. The TIF Plan will generally complement and serve to implement policies adopted by the Authority.

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

The reasons supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Redevelopment Project.

6. Public Purpose. The adoption of the Redevelopment Plan, as modified, for the Redevelopment Project and the adoption of the TIF Plan for the TIF District therein conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is underused to help improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

7. Certification. Upon approval of the Plans by the City Council following its public hearing thereon, staff of the Authority shall request the Auditor of Cottonwood County to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator-Clerk 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 with the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

8. Filing. The City Administrator-Clerk is further authorized and directed to file a copy of the Redevelopment Plan and Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 with the Commissioner of Revenue and the Office of the State Auditor.

9. Administration. The administration of the Redevelopment Project is assigned to the City Administrator-Clerk who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

The motion for the adoption of the foregoing resolution was duly seconded by councilmember _____ 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.



Rural Development

July 7th, 2014

1424 E College Dr
Suite 500
Marshall, MN 56258

City of Mountain Lake
930 Third St.
Mountain Lake, MN 56159

Voice 507.532.3234
Fax 855.823.7647

Re: Letter of Conditions

Dear Mayor:

This letter establishes the conditions, which must be understood and agreed to by you and your organization before further consideration may be given to your Community Facility application. The loan will be administered on behalf of the Rural Housing Service (RHS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development Community Facility Program personnel (referred to as RD in the balance of this letter). Approval will be by written amendment to this letter. Any changes not approved by RD may be cause for discontinuing processing of the application.

This letter is not to be considered as loan approval, or as representation of the availability of funds.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds," if you agree to meet these conditions and desire that further consideration be given to your application. If the conditions set forth in this letter are not met within 365 days from the date hereof, RD reserves the right to discontinue the processing of your application.

Your loan will be considered approved and funds will be reserved on the date RD signs and returns, Form RD 1940-1 "Request for Obligation of Funds".

Extra copies of this letter are being provided for use by your architect, attorney, bond counsel and accountant. All parties may access information and regulations referenced in the letter at our website located at: http://www.rurdev.usda.gov/rd_instructions.html

Direct Loans: 1942-A

Further processing of your application is to be done under the following conditions:

1. **Total Project Cost** – Total costs must not exceed \$43,000 for the proposed Fire Rescue Truck/Equipment purchase project. Funding from all sources has been budgeted for the estimated expenditures as follows:

<u>Project Costs:</u>	<u>Total Budgeted:</u>
Truck, Equipment, Legal, etc.	\$43,000
Total	\$43,000

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

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Your funding needs will be reassessed if there is a significant reduction in project costs after bids are received. Obligated loan funds not needed to complete the proposed project will be deobligated. An "Amended Letter of Conditions" will be issued for any revised project budget.

2. **Project Funds** - Project funding is planned from the following sources:

<u>Project Funding Source</u>	<u>Funding Amount:</u>
USDA Community Facility Loan	\$43,000.00
Total Project Funding (All Sources):	\$43,000.00

Any changes in funding sources following obligation of CF funds must be reported to the processing official. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and of approval on the other funding sources. This evidence should include a copy of the award letter and any agreements or contracts.

3. **"Loan Resolution"** – RD 1942-9, must be properly executed.
4. **Repayment Schedule** – The loan will be scheduled for repayment over a period of 5 years. Payments will be equally amortized payments of principal plus interest due annually on the annual anniversary date of loan closing. Exception to this would be if the closing date is the 29, 30 or 31 of a month, in this case the due date will be the 28th. For planning purposes use a 4.0% interest rate, which provides for an annual payment of \$9,660. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.
5. **Pre-authorized Debit Payment Process (PAD)** – You will be required to complete Form RD 3550-28 "Authorization Agreement for Pre-authorized Payments". The PAD payment process allows your payment to be electronically deducted from your account on the day your payment is due. You will be notified of the amount of the principle and interest due, and the date of the withdrawal from your account. The statement your bank provides monthly will confirm the entry to your account. **The first loan payment(s) and any extra payments may require separate processing of payment(s) being handled individually outside of the PAD process.**
6. **Security Requirements** – The loan must be secured by 1st lien position on the vehicle and equipment, promissory note, financing statement, assignment of income, and security agreement. A reserve account is required to be funded at a rate of 10% of the annual payment, until the reserve account reaches the amount of one full year's annual payment. Funds in this account may be used for capital improvements and repairs with a concurrence of RD.
7. **Business Operations** –
- A. Ordinances or Resolutions – Enact an ordinance or resolution necessary for collection of revenues for loan payment and operation and maintenance expenses. Enact an ordinance or resolution establishing rules and regulations for the facility.
 - B. Operating Expenses – O&M expenses must be properly budgeted to determine the financial viability of any operation. For planning purposes, you should consider: 1) your

present operating and maintenance costs; 2) increases or decreases based on changes that will be made and 3) on projected typical year expenses which you have verified to be accurate to the way you will operate your system from data in the Preliminary Architect Report and Financial Feasibility Report. It is expected that O&M will likely change each year and rental rates will need to be adjusted accordingly.

- C. Reserves – Reserves must be properly budgeted to maintain the financial integrity of the system operations. The following reserves are required: Debt Service Reserve.

i. Debt Service Reserve Account:

As required in the loan resolution, there shall be a set aside into a Debt Service Reserve Account the sum of \$9,660 to be fully funded at time of loan closing. After which time, deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the Note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for: (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe, or (2) making extensions or improvements to the Facility. Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again accumulated an amount of \$9,660, at which time deposits may be discontinued.

The Debt Service Reserve Account must be individually tracked in the annual financial records/audits of your organization, and identified as the Debt Service Reserve Account for this specific RD funded project.

- D. Initial Operating Budget and Rate Schedule – Prior to Obligation of the RD Loan, the applicant shall establish and approve the initial operating budget. You must maintain rental rates that provide adequate income to meet the minimum requirements for operation and maintenance, debt service and reserves.

8. **Accounting, Management Reports and Audits** – RD approval of your accounting and financial reporting system, including the agreement with your auditor, will be needed prior to the start of construction. MN 1942-A, Guide 4, “Accounting, Reporting System and Audit Agreement Approval”, may be used for this agreement

- A. RD approval of your accounting and financial reporting system, including the agreement with your auditor, will be needed before loan closing or start of construction.

- B. An annual audit or Annual Financial Statements (Income & Expense Statement, Balance Sheet & Projected Budgets are required for the duration of the loan. See below for requirements:

- a. **OMB Circular A-133 audit** required for borrowers in years in which \$500,000 or more in total Federal financial assistance is received. It will be in accordance with OMB Circular A- 133 and USDA – Audit Program (9/2010) and is due within 9 months of fiscal year end.

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As described above, the total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Projects financed with interim financing are considered federal expenditures.

In addition to submitting two (2) copies of the audit report to RD, the borrower is also required to submit copies of OMB Circular A-133 audits, accompanying audit letters (the "reporting package"), and the Data Collection Form to the Federal Clearinghouse designated by OMB to retain as an archival copy. The Federal Clearinghouse address is: Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, Indiana 47132.

- b. **Annual Financial Statements** (Income & Expense Statement, Balance Sheet & Projected Budget) for borrowers who did not expend \$500,000 or more in Federal Funds and have an outstanding loan balance. Must have Rural Development's approval for this option and must meet requirements of 1942.17 (r) (1) (ii) (C). Financial statements are still required within 60 days of the fiscal year end in accordance with RD Instruction 1942-A.
 - c. **Quarterly Management Reports** are required for all borrowers for a period of at least three years. Quarterly Management Report includes: current balance sheet, year to date income & expense figures, and when applicable, a Workout Agreement per 7 CFR 1942.17 (q) (2). With the submission of the annual budget, you will be required to provide a current rate schedule and a current listing of the Board or Counsel Members and their terms. Quarterly Management Reports are due within 30 days of the end of each quarter. The Quarterly Management Reports may be waived after 3 years if the facility is viable, as determined by RD. Likewise, at the Agency's discretion, if the viability of the facility is in question, RD can again require Quarterly Management Reports. A year-end management report shall consist of: Form RD 442-3, "Balance Sheet", and Form RD 442-2, "Statement of Budget, Income and Equity", or forms that provide the information in a similar format. An annual audit report may be submitted in lieu of Forms RD 442-2 and 442-3. The audit report must be submitted no later than 150 days after the end of the borrower's fiscal year.
 - d. **The Debt Service Reserve Account must be individually tracked in the annual financial records/audits of your organization, and identified as the Debt Service Reserve Account for this specific RD funded project.**
- C. Your organization will retain all records, books and supporting material for three years after the issuance of management reports.
9. **Insurance and Bonding** - Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your architect, attorney and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.
- A. General Liability Insurance – Include vehicular coverage.

- B. Worker's Compensation – In accordance with appropriate State laws.
 - C. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RD will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). The coverage may be increased during construction of this project based on the anticipated monthly advances. The amount of coverage should be discussed and approved by RD.
 - D. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - I. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - II. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
 - E. Real Property Insurance – Fire and extended coverage will normally be maintained on all structures. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.
 - F. Builder's Risk Insurance – It is the Owners responsibility to carry Builder's Risk insurance, during the construction of the proposed project.
10. **Legal Services** – You will be required to obtain a "Legal Services Agreement." This agreement will address the fees necessary for the services outlined in this agreement. At closing the owner's attorney will certify that the executed contract documents, including performance and payment bonds on contracts over \$100,000 are adequate and that the persons executing these documents have been properly authorized to do so by the entity in accordance with RD Instruction.

11. **Restrictions on Lobbying**

In order to comply with Section 319 of Public Law 101-121 which prohibits applicants and recipients of Federal contracts, grants and loans from using Federal appropriated funds for lobbying, the Federal Government in connection with the award of a specific contract, grant or loan, the **Applicant**, and all contractors and subcontractors must:

- a. Execute the attached Certification for Contracts, Grants, and Loans.
- b. Complete Standard Form LLL, "Disclosure of Lobbying Activities", if they have made, or agreed to make payment, using funds other than Federal appropriated funds, to influence or attempt to influence a decision in connection with the contract.

The Certification (and, if appropriate, the Disclosure) must be provided to USDA, Rural Development.

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12. **Cost Overruns** – Cost overruns exceeding 20% of the development cost at time of loan approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date. Cost overruns must be due to high bids or unexpected construction problems that cannot be reduced by negotiations, redesign, use of bid alternatives, rebidding or other means prior to consideration by the Agency for subsequent funding. Such requests will be contingent on the availability of funds.

13. **Disbursement of Funds** –

- A. Interim Construction Financing – is to be obtained from commercial sources or special funding sources (approved by RD) in an amount equal to the loan when available at reasonable rates and terms. Any additional temporary bond amount over the RD loan must be agreed to in writing by RD.
- B. Partial Payments - During construction, RD 1924-18, "Partial Payment Estimate," will be used for periodic construction estimates. Prior to disbursement of funds you and RD will review and approve each payment estimate. All bills and vouchers must be approved by RD prior to payment.
- C. Electronic Funds Transfer – Loan funds will be transferred into your account at the time of loan and grant closing using the "Automated Clearing House" payment system. You must complete Form SF 3881, "Electronic Funds Transfer Payment Enrollment Form" prior to closing or start of construction, whichever is earlier.
- D. Required Refunds – Rebates earned from any source will be submitted to RD as an extra payment on the loan.
- E. Use of Remaining Funds – Remaining funds may be used for eligible purposes, provided the use will not result in major changes to the original scope of work and the project purpose remains the same. You will be notified of RD's intent to cancel the remaining funds and given appropriate appeal rights.

14. **Civil Rights, Accessibility and Other Special Requirements** – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

- A. Drug-Free Workplace – All recipients of RD funds must provide a drug-free workplace. Form AD 1049, "Certification Regarding Drug-Free Workplace Requirements", must be completed.
- B. Civil Rights Act of 1964 – All borrowers are subject to and facilities must be operated in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901 subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required in 7 CFR 1901 Subpart E paragraph 202(e).
- C. Civil Rights Compliance Reviews – RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. The Applicant is required to gather racial identity and national origin information, along with gender information on the people in the community and the service area being served by the "Federally assisted program". This information must be

provided to RD periodically for required Compliance Reviews during the application process and during the term of the loan.

- D. Age Discrimination Act of 1975 – Provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- E. Section 504 of Rehabilitation Act of 1973 – All recipients of RD funding must comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794). No handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be derived of benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. A “Self Evaluation and Transition Plan” will be required to be completed, prior to the loan and being closed. The Federal Access Board may be contacted for a copy of the ADAAG checklist (www.access-board.gov or (800) 872-2253), which may be used to complete the self-evaluation.
- F. The Americans with Disabilities Act (ADA) of 1990 – Prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities, which provided services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities, which accommodate the public.

15. **System for Award Management** – Requirement for System for Award Management(SAM)

- a) You as the recipient must maintain the currency of your information in the SAM system until you submit the final financial report required under this award and all grants funds under this award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on-line at (<https://www.sam.gov>).
- b) You as the recipient may not make a sub-award to an entity unless the entity has provided its Data Universal Numbering System (DUNS) number to you. Sub-recipients with sub-awards of \$25,000 or more must also have and maintain a current CCR registration through the SAM system.
- c) **Recipient Reporting.** You as the recipient must report each first tier sub-awards of \$25,000 or more in non-Recovery Act funds to <http://www.fsr.gov> no later than the end of the month following the month the obligation was made. As part of your registration profile at <http://www.sam.gov>, you must report the total compensation of the 5 most highly compensated executives (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act) by end of month following month in which award was made. This requirement also pertains to sub-recipients (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act).

16. **Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate**

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Applicants - This award is subject to the provisions contained in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. No. 112-55, Division A, Sections 738 and 739, regarding corporate felony convictions and corporate federal tax delinquencies.

Accordingly, by accepting this award the recipient acknowledges that it: (1) does not have a tax delinquency, meaning that it is not subject to any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, and (2) has not been convicted (or had an officer or agent acting on its behalf convicted) of a felony criminal violation under any Federal or State law within 24 months preceding the award, unless a suspending and debaring official of the United States Department of Agriculture has considered suspension or debarment of the recipient corporation, or such officer or agent, based on these convictions and/or tax delinquencies and determined that suspension or debarment is not necessary to protect the interests of the Government. If the recipient fails to comply with these provisions, the Rural Utilities Service will annul this agreement and may recover any funds the recipient has expended in violation of sections 738 and 739.

17. **Loan Closing** – The loan will be closed in accordance with instructions prepared by OGC. Form RD 1910-11, “Application Certification, Federal Collection Policies for Consumer or Commercial Debts”, must be read and signed prior to loan closing.

A. **Post-closing Issues or Errors** – The parties agree and acknowledge that it is their intent to close this transaction in the required manner. As part of loan closing instructions and upon the request of RD, the Borrower agrees to fully cooperate and adjust any post-closing issues or errors necessary or desirable in the reasonable discretion of, or required by the laws and regulations governing Rural Development, its programs, policies, or operations. If additional costs are involved in performing these duties, those costs will be borne by the parties as required under the terms of the program, loan documents, security agreements, and/or other supplemental agreements. If post closing issues are not satisfactorily resolved, the transaction shall be voidable by RD.

B. **Borrower Graduation Requirement Certification** – By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the government. If at any time the Agency determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. At the time of loan closing the Borrower will certify that they understand that the law requires them to refinance their loan when other credit is available at reasonable rates and terms. MN. 1780 Guide 23 - “Graduation Certification” will be used for this certification.

If the conditions set forth in this letter are not met within 365 days from the date of this letter, RD reserves the right to discontinue processing the application. In the event the application has not advanced to the point of bidding within 365 days and it is determined the applicant still wishes to proceed, it may be necessary to review the conditions outlined in this letter. If during that review, it is determined the conditions outlined are no longer adequate, Rural Development reserves the right to require that the letter of conditions be revised or replaced.

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We believe the information in this letter clearly sets forth the conditions which must be complied with; however, this letter does not relieve you from meeting the requirements of RD Instruction. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Megan Gernentz". The signature is fluid and cursive, with a large loop at the end.

Megan Gernentz
Area Specialist

CC: Terry Louwagie, USDA Rural Development, via email
Mary Ellen Surhoff, Attorney, via email

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Resolution # 30-14

Position 5

Form RD 1942-9
(Rev. 10-96)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION SECURITY AGREEMENT

A RESOLUTION OF THE City Council
OF THE City of Mountain Lake, Minnesota
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE
PRINCIPAL AMOUNT OF \$43,000.00 FOR THE PURPOSE
PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A

Fire Truck/Equipment purchase, PROVIDING FOR THE COLLECTION, HANDLING, AND
DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTES,
SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT
OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the City of Mountain Lake, (hereinafter
referred to as the "Organization"), was organized under Minnesota Statute 465.73
for the purpose of providing a
fire truck/equipment rescue services

(hereinafter referred to as the
"Facility") to serve the members of the said Organization; and

WHEREAS, a meeting of the members of the said Organization was held on the 7th day of July, 2014
pursuant to proper notice thereof to consider plans for the acquisition, construction, and methods of financing the Facility:

and, as shown by the minutes of said meeting, of the _____ members of record of the Organization there were present and voting
, and by a recorded vote, the Facility and its financing were authorized; and,

WHEREAS, the proposed Facility is to be constructed and in accordance with plans and specifications
prepared by N/A

and in order to finance the Facility, the City Council
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the Organization, to make
application to the United States of America, through the United States Department of Agriculture, (hereinafter referred to as the "Government"),
for financial assistance; to cause the execution and delivery of an installment promissory note or notes or other evidence of indebtedness
(hereinafter referred to as the "Note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to
comply with any requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or
enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire,
construct, complete, or equip the Facility for and on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining a loan
made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development Act, it being
determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing
private and cooperative rates and terms currently available;

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is established to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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Section 2. (Terms of Loan). That the Organization borrow \$ 43,000.00 and issue as evidence thereof Note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary and if necessary, have the corporate seal of the Organization affixed thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 4.0000 percent per annum;

the principal and interest shall be paid over a period of 5 years in accordance with the payment schedule set forth in the Note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable 5 years from the date of the Note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The Clerk/Administrator of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The Clerk/Administrator is hereby directed to establish the following accounts into which the current funds of the Organization, Note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the Note, hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount of \$ 0.00 to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in an account designated as the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the Mayor/Clerk/Administrator of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with 31 C.F.R. part 22. Withdrawals from a supervised bank account shall be made only on checks signed by the

Mayor/Clerk/Admin. of the Organization and countersigned by an authorized official of the Government. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account.

As soon as the Facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account. Disbursements and transfers from this account shall be for: debt service, operations and maintenance, and transfers to an account designated as the Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Organizations making monthly Government debt service payments shall use the General Account for making such payments plus operating and maintenance expenses. Any remaining funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly Government debt service payments shall first use the General Account to pay operating and maintenance expenses. Then other transfers from this account will be made in the following order: (i) To an account designated as the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

Organizations making other than monthly debt service payments, shall transfer subject to income availability from the General Account to the Debt Service Account, a sum not to increase the next installment on the note.

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(d) Reserve Account.

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there shall be set aside into the Reserve Account the sum of \$ 0.00 each month until there is accumulated in that account the sum of \$ 9,660.00 after which deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the Note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for:

- (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe, or
- (2) making extensions or improvements to the Facility.

Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again

accumulated the amount \$ 9,660.00, at which time deposits may be discontinued. Whenever there shall accumulate in the General Account, amounts in excess of those required in subsections (b) (1) and (2), (c), and (d), such excess will be used by the Organization to make prepayments on the loan or retained in the General Account. The accounts required in subsections (b) (1) and (2), (c) and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid:

- (a) It will indemnify the Government for any payments made or losses suffered by the Government.
- (b) It will comply with applicable state laws and regulations and continually operate and maintain the Facility in good condition.
- (c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof and the installment payments on the Note and the maintenance of the various accounts herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization.
- (d) If, for any reason, gross revenues are insufficient, it will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the Note as the same become due.
- (e) It will (i) establish and maintain such books and records relating to the operation of the Facility and its financial affairs, (ii) will provide for the annual audit thereof in such manner as may be required by the Government, (iii) will provide the Government without its request a copy of each such audit, and (iv) will make and forward to the Government such additional information and reports as it may from time to time require.
- (f) It will provide the Government, at all reasonable times, access to the Facility and all its books and records so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.
- (g) It will maintain at least such insurance and fidelity bond or employee dishonesty coverage as may be required by the Government.
- (h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.
- (i) It will not cause or permit any voluntary dissolution of the Organization or merge or consolidate with an other organization, without obtaining the prior written consent of the Government. It will not dispose of, or transfer title to the Facility or any part thereof, including lands and interest in lands by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue, in excess of the amount required to maintain the accounts described by Section 4 herein, will not be distributed or transferred to any other organization or legal entity.
- (j) It will not modify or amend its organizational documents, including any articles of incorporation or bylaws without the written consent of the Government.
- (k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain Government's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Organization or public body.
- (l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the Facility are pledged as security for the loan.

(m) It will comply with the measures identified in the Government's environmental impact analysis for this Facility for the purpose of avoiding or reducing the adverse environmental impacts of the Facility's construction or operation.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the Note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets, both real and personal, constituting said Facility, as completed, or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government.

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time the Organization will, upon request of the Government, apply for, and accept, such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are authorized and directed to execute for and on behalf of the Organization, Form RD 400- 1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

Section 9. (Authorization of Officials). In the case of a grant in the sum not to exceed \$ 0.00, the Organization hereby accepts the grant under the terms as offered by the Government and that the N/A and N/A of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the Facility under the terms as offered in said grant agreements.

Section 10. (Cross Default). Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. (Effective Date). This resolution shall take effect and be in force from and after the 7th day of July, 2014, being the date of its enactment.

The vote was: Yeas _____ Nays _____ Absent _____

(SEAL) (if applicable)

By _____

Title Mayor

Attest:

Title City Clerk/Treasurer

CERTIFICATION

I, the undersigned, as secretary of the City of Mountain Lake hereby certify that the City Council of such Organization or Corporation is composed of 4 members of whom 3; constituting a quorum, were present at a meeting thereof duly called and held on the 7th day of July, 2014; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 7th day of July, 2014.

Secretary of City of Mountain Lake

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BOLTON & MENK, INC.[®]

Consulting Engineers & Surveyors

140 First Avenue North • P.O. Box 434 • Sleepy Eye, MN 56085-0434
Phone (507) 794-5541 • Fax (507) 794-5542
www.bolton-menk.com

June 26, 2014

Wendy Meyer, City Administrator
City of Mountain Lake
930 Third Avenue, Box C
Mountain Lake, MN 56159 -0320

Re: Partial Pay Estimate No. 14
2012-2013 Infrastructure Improvements
City of Mountain Lake, MN
BMI Project No.: S14.100679

Dear Wendy:

Enclosed herein are three copies of Partial Pay Estimate No. 14. The partial pay estimates are submitted for the Council's consideration.

* The partial pay estimate includes a retained amount of \$418,878.30. At this time the Contractor has not corrected the defective work and has requested mediation proceedings seeking reimbursement for the costs to be incurred to correct the trench settlement areas within the 2012 construction season work area. Based on cursory field measurements and observations made earlier this summer we estimate that the amount retained is more than twice the cost to make the trench settlement corrections. We recommend payment to Kuechle Underground, Inc. in the amount of \$30,908.39 as itemized in Partial Pay Estimate No. 14.

The partial pay estimate is to the best of our knowledge and belief, true and accurate and made in accordance with the conditions of the project agreement. The certified payroll reports received in connection with the partial pay estimate and the overall project are in compliance with the U.S. Department of Labor's requirements under 29 CFR 5.5(a)(1) or are in the process of further investigation for compliance review.

Also enclosed are three copies of the Construction Cost Distribution for Partial Pay Estimate No. 14. The cost splits are submitted for your use and for submittal to PFA.

Please contact our office with any questions or comments regarding the partial pay estimate and cost split worksheet.

Sincerely,

BOLTON & MENK, INC.

Andrew R. Kehren, P.E.

Enclosure

cc: Leon Stugelmeyer, Resident Project Representative (2 Copies of PPE)

H:\MFLK\S14100679\Cler\Pay Estimates\100679 pay est ltr 14 to city.doc

DESIGNING FOR A BETTER TOMORROW

Bolton & Menk is an equal opportunity employer.

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2012-2013 Infrastructure Improvements

Mountain Lake, Minnesota

BMI Project No.: S14.100679

FILENAME:

H:\MTLK\14100679\Excel\100679 Quant.xls]Partial Pay Est. 14B

CONTRACTOR (1)

OWNER (1)

ENGINEER (1)

TOTAL, COMPLETED WORK TO DATE.....	\$8,377,566.05
TOTAL, STORED MATERIALS.....	\$0.00
TOTAL, COMPLETED WORK & STORED MATERIALS.....	\$8,377,566.05
RETAINED PERCENTAGE (5%).....	-\$418,878.30
TOTAL AMOUNT OF OTHER PAYMENTS OR (DEDUCTIONS).....	-\$5,000.00
- 5 days @ \$1,000/day	
NET AMOUNT DUE TO CONTRACTOR TO DATE.....	\$7,953,687.75
TOTAL AMOUNT PAID ON PREVIOUS ESTIMATES.....	\$7,922,779.36
PAY CONTRACTOR AS ESTIMATE NO. 14	\$30,908.39

Certificate for Partial Payment

I hereby certify that, to the best of my knowledge and belief, all items quantities and prices of work and material shown on this Estimate are correct and that all work has been performed in full accordance with the terms and conditions of the Contract for this project between the Owner and the undersigned Contractor, and as amended by any authorized changes, and that the foregoing is a true and correct statement of the contract amount for the period covered by this Estimate.

Contractor: Kuechle Underground, Inc.
10998 State Highway 55, P.O. Box 509
Kimball, MN 55353

By: [Signature] V.P. 6/24/14
Name Title Date

CHECKED AND APPROVED AS TO QUANTITIES AND AMOUNT:
BOLTON & MENK, INC., ENGINEERS, 140 FIRST AVENUE NORTH, P.O. BOX 434 SLEEPY EYE, MN.

By: [Signature] Project Engineer 6-26-2014
Andrew R. Kehren Title Date

APPROVED FOR PAYMENT:
Owner: City of Mountain Lake, MN

By: _____
Name Title Date

And: _____
Name Title Date

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ARTIAL PAY ESTIMATE NO.

112-2013 Infrastructure Improvements
 Mountain Lake, Minnesota
 MI PROJECT NO. S14.100679
 FILENAME: H:\M\TK\S\14100679\Excel\1100679 Quant.xls\Partial Pay Est. #14A
 WORK COMPLETED THROUGH JUNE 20, 2014

BID ITEM NO.	ITEM DESCRIPTION	CONTRACT PRICES			WORK COMPLETED PREVIOUS ESTIMATE			WORK COMPLETED JOB-TO-DATE			
		UNIT PRICE	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT
1	SURFACE										
1	Mobilization & Traffic Control	\$145,000.00	1	Lump Sum	\$145,000.00	0.88	Lump Sum	\$127,600.00	0.88	Lump Sum	\$127,600.00
2	Clearing & Grubbing	\$400.00	10	Each	\$4,000.00	0	Each	\$0.00	0	Each	\$0.00
3	Salvage & Reinstall Fence	\$15.00	100	Linear Foot	\$1,500.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00
4	Salvage & Reinstall Landscaping	\$350.00	4	Each	\$1,400.00	0	Each	\$0.00	0	Each	\$0.00
5	Remove Curb and Gutter	\$2.00	33,800	Linear Foot	\$67,600.00	33,995	Linear Foot	\$67,990.00	34,015	Linear Foot	\$68,030.00
6	Remove Concrete Walk	\$0.55	21,720	Square Foot	\$11,946.00	18,984	Square Foot	\$10,441.20	19,408	Square Foot	\$10,674.40
7	Remove Concrete Driveway Pavement	\$0.60	37,000	Square Foot	\$22,200.00	31,404	Square Foot	\$18,842.40	31,404	Square Foot	\$18,842.40
8	Remove Concrete Pavement with Rebar (7" +/-)	\$1.00	500	Square Yard	\$500.00	577	Square Yard	\$577.00	577	Square Yard	\$577.00
9	Common Excavation (EV) (P)	\$14.50	59,885	Cubic Yard	\$868,332.50	60,399	Cubic Yard	\$875,785.50	60,399	Cubic Yard	\$875,785.50
10	Contaminated Soil - Excavation & Disposal (LV)	\$38.00	200	Cubic Yard	\$7,600.00	27	Cubic Yard	\$1,026.00	27	Cubic Yard	\$1,026.00
11	Subgrade Excavation (EV)	\$9.00	1,000	Cubic Yard	\$9,000.00	1,463	Cubic Yard	\$13,167.00	1,463	Cubic Yard	\$13,167.00
12	Subgrade Correction (CV)	\$7.00	1,000	Cubic Yard	\$7,000.00	1,463	Cubic Yard	\$10,241.00	1,463	Cubic Yard	\$10,241.00
13	Topsoil Borrow (LV)	\$0.01	5,970	Cubic Yard	\$59.70	4,407	Cubic Yard	\$44.07	4,407	Cubic Yard	\$44.07
14	Salvage Aggregate From Stockpile (CV)	\$4.00	40,010	Ton	\$160,040.00	37,902	Ton	\$151,608.00	37,902	Ton	\$151,608.00
15	Geotextile Fabric, Type V	\$1.75	98,100	Square Yard	\$171,675.00	94,818	Square Yard	\$165,931.50	94,818	Square Yard	\$165,931.50
16	Aggregate Base, Class 5 (CV)	\$15.80	46,000	Ton	\$726,800.00	47,999	Ton	\$758,384.20	47,999	Ton	\$758,384.20
17	Type SP 9.5 Wearing Course Mixture (SPWEA240B)	\$81.00	7,960	Ton	\$644,760.00	270	Ton	\$21,870.00	270	Ton	\$21,870.00
18	Type SP 12.5 Non-Wearing Course Mixture (SPNWB230B)	\$79.00	11,180	Ton	\$883,220.00	11,631	Ton	\$918,849.00	11,631	Ton	\$918,849.00
19	Common Laborers	\$62.00	100	Hour	\$6,200.00	69	Hour	\$4,278.00	69	Hour	\$4,278.00
20	3 Cu Yd Shovel	\$145.00	50	Hour	\$7,250.00	17	Hour	\$2,465.00	17	Hour	\$2,465.00
21	Dozer	\$105.00	50	Hour	\$5,250.00	24	Hour	\$2,520.00	24	Hour	\$2,520.00
22	10 Cu Yd Truck	\$90.00	50	Hour	\$4,500.00	14	Hour	\$1,260.00	14	Hour	\$1,260.00
23	4.0 Cu Yd Front End Loader	\$140.00	50	Hour	\$7,000.00	14	Hour	\$1,960.00	14	Hour	\$1,960.00
24	1/2 Cu Yd Skid Loader	\$95.00	50	Hour	\$4,750.00	21	Hour	\$1,995.00	21	Hour	\$1,995.00
25	4" Concrete Walk	\$4.30	17,000	Square Foot	\$73,100.00	7,963	Square Foot	\$34,240.90	9,850	Square Foot	\$42,355.00
26	Commercial Walk	\$5.56	4,720	Square Foot	\$26,243.20	5,876	Square Foot	\$32,670.56	5,876	Square Foot	\$32,670.56
27	Salvage & Reinstall Brick Pavers	\$8.00	180	Square Foot	\$1,440.00	0	Square Foot	\$0.00	0	Square Foot	\$0.00
28	Construct 2'x4' Truncated Domes	\$240.00	15	Each	\$3,600.00	12	Each	\$2,880.00	12	Each	\$2,880.00
29	Concrete Curb and Gutter, Design B618	\$9.20	37,800	Linear Foot	\$347,760.00	37,729	Linear Foot	\$347,106.80	37,749	Linear Foot	\$347,290.80
30	7" Concrete Driveway Pavement	\$5.36	37,000	Square Foot	\$198,320.00	57,660	Square Foot	\$309,057.60	62,004	Square Foot	\$332,341.44

(5)

PARTIAL PAY ESTIMATE NO.

012-2013 Infrastructure Improvements
Mountain Lake, Minnesota

IMI PROJECT NO. S14.100679

FILENAME: H:\M\TK\SI14100679\Excel\100679 Quanti.xls\Partial Pay Est. #14A
WORK COMPLETED THROUGH JUNE 20, 2014

BID ITEM NO.	ITEM DESCRIPTION	CONTRACT PRICES			WORK COMPLETED PREVIOUS ESTIMATE			WORK COMPLETED JOB-TO-DATE			
		UNIT PRICE	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT
		31	Concrete Valley Gutter	\$30.00	300	Linear Foot	\$9,000.00	232	Linear Foot	\$6,960.00	232
32	6" Perforated Pipe Drain	\$5.75	38,575	Linear Foot	\$221,806.25	36,398	Linear Foot	\$209,288.50	36,398	Linear Foot	\$209,288.50
33	8" Perforated Pipe Drain	\$6.00	250	Linear Foot	\$1,500.00	254	Linear Foot	\$1,524.00	254	Linear Foot	\$1,524.00
34	4" PVC Sump Drain Line Services	\$125.00	150	Each	\$18,750.00	33	Each	\$4,125.00	33	Each	\$4,125.00
35	Adjust Frame & Ring Casting - Electrical	\$500.00	2	Each	\$1,000.00	0	Each	\$0.00	0	Each	\$0.00
36	Bionoll	\$2.50	1,800	Linear Foot	\$4,500.00	922	Linear Foot	\$2,305.00	922	Linear Foot	\$2,305.00
37	Erosion Control Blanket, Category 0	\$2.50	4,800	Square Yard	\$12,000.00	2,112	Square Yard	\$5,280.00	2,112	Square Yard	\$5,280.00
38	Inlet Protection	\$110.00	180	Each	\$19,800.00	137	Each	\$15,070.00	137	Each	\$15,070.00
39	Temporary Seeding	\$700.00	25.2	Acre	\$17,640.00	6	Acre	\$4,200.00	6	Acre	\$4,200.00
40	Permanent Seeding	\$1,000.00	25.2	Acre	\$25,200.00	9.5	Acre	\$9,500.00	9.5	Acre	\$9,500.00
	STORM SEWER										
41	Remove Storm Structure	\$132.00	101	Each	\$13,332.00	107	Each	\$14,124.00	107	Each	\$14,124.00
42	4"-10" Tile Repair	\$24.00	700	Linear Foot	\$16,800.00	813	Linear Foot	\$19,512.00	813	Linear Foot	\$19,512.00
43	12" Apron	\$560.00	2	Each	\$1,120.00	2	Each	\$1,120.00	2	Each	\$1,120.00
44	15" Apron	\$580.00	1	Each	\$580.00	1	Each	\$580.00	1	Each	\$580.00
44A	18" RC Pipe Sewer Apron	\$640.00	1	Each	\$640.00	1	Each	\$640.00	1	Each	\$640.00
45	36" Apron	\$980.00	1	Each	\$980.00	1	Each	\$980.00	1	Each	\$980.00
46	12" Pipe Sewer	\$32.00	3,781	Linear Foot	\$120,992.00	3,952	Linear Foot	\$126,464.00	3,952	Linear Foot	\$126,464.00
47	15" Pipe Sewer	\$33.00	2,220	Linear Foot	\$73,260.00	2,308	Linear Foot	\$76,164.00	2,308	Linear Foot	\$76,164.00
48	18" Pipe Sewer	\$37.00	2,398	Linear Foot	\$88,726.00	2,565	Linear Foot	\$94,905.00	2,565	Linear Foot	\$94,905.00
49	21" Pipe Sewer	\$41.00	1,175	Linear Foot	\$48,175.00	1,460	Linear Foot	\$59,860.00	1,460	Linear Foot	\$59,860.00
50	24" Pipe Sewer	\$47.00	1,048	Linear Foot	\$49,256.00	1,033	Linear Foot	\$48,551.00	1,033	Linear Foot	\$48,551.00
51	27" Pipe Sewer	\$56.00	440	Linear Foot	\$24,640.00	438	Linear Foot	\$24,528.00	438	Linear Foot	\$24,528.00
52	30" Pipe Sewer	\$65.00	500	Linear Foot	\$32,500.00	363	Linear Foot	\$23,595.00	363	Linear Foot	\$23,595.00
53	36" Pipe Sewer	\$82.00	1,005	Linear Foot	\$82,410.00	974	Linear Foot	\$79,868.00	974	Linear Foot	\$79,868.00
54	48" Pipe Sewer	\$100.00	860	Linear Foot	\$86,000.00	858	Linear Foot	\$85,800.00	858	Linear Foot	\$85,800.00
55	Construct Drainage Structure, Design R-1	\$260.00	662.9	Linear Foot	\$172,354.00	634	Linear Foot	\$164,840.00	634	Linear Foot	\$164,840.00
56	Construct Drainage Structure, Design F	\$270.00	13.3	Linear Foot	\$3,591.00	6	Linear Foot	\$1,620.00	6	Linear Foot	\$1,620.00
57	Construct Drainage Structure, Design H	\$270.00	9.4	Linear Foot	\$2,538.00	15.8	Linear Foot	\$4,266.00	15.8	Linear Foot	\$4,266.00
58	Construct Drainage Structure Design SD-48	\$740.00	2.3	Linear Foot	\$1,702.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00
59	Construct Drainage Structure, Design 48-4022	\$280.00	66.6	Linear Foot	\$18,648.00	72	Linear Foot	\$20,160.00	72	Linear Foot	\$20,160.00

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ARTIAL PAY ESTIMATE NO.

12-2013 Infrastructure Improvements

Mountain Lake, Minnesota

MT PROJECT NO. S14.100679

FILENAME: H:\MT\KISI\4100679\Excel\100679 Quant.xls\Partial Pay Est. #14A

WORK COMPLETED THROUGH JUNE 20, 2014

BID ITEM NO.	ITEM DESCRIPTION	CONTRACT PRICES			WORK COMPLETED PREVIOUS ESTIMATE			WORK COMPLETED JOB-TO-DATE			
		UNIT PRICE	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT
60	Construct Drainage Structure, Design 48-4020	\$400.00	185.6	Linear Foot	\$74,240.00	182	Linear Foot	\$72,800.00	182	Linear Foot	\$72,800.00
61	Construct Drainage Structure, Design 54-4020	\$420.00	19.0	Linear Foot	\$7,980.00	15	Linear Foot	\$6,300.00	15	Linear Foot	\$6,300.00
62	Construct Drainage Structure, Design 60-4022	\$490.00	6.1	Linear Foot	\$2,989.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00
63	Construct Drainage Structure, Design 60-4020	\$430.00	7.6	Linear Foot	\$3,268.00	6	Linear Foot	\$2,580.00	6	Linear Foot	\$2,580.00
64	Construct Drainage Structure, Design 72-4020	\$510.00	124.7	Linear Foot	\$63,597.00	98	Linear Foot	\$49,980.00	98	Linear Foot	\$49,980.00
65	8" PVC SDR-26 Cleanout	\$140.00	5.5	Linear Foot	\$770.00	12.0	Linear Foot	\$1,680.00	12.0	Linear Foot	\$1,680.00
66	Random Riprap, Class 1	\$72.00	15	Cubic Yard	\$1,080.00	0	Cubic Yard	\$0.00	0	Cubic Yard	\$0.00
67	Random Riprap, Class 3	\$72.00	33	Cubic Yard	\$2,376.00	33	Cubic Yard	\$2,376.00	33	Cubic Yard	\$2,376.00
68	Salvage & Reinstall Casting - Storm	\$500.00	8	Each	\$4,000.00	9	Each	\$4,500.00	9	Each	\$4,500.00
69	Casting Assembly - Storm	\$340.00	172	Each	\$58,480.00	154	Each	\$52,360.00	156	Each	\$53,040.00
70	SANITARY SEWER										
70	Remove Sanitary Structure	\$120.00	62	Each	\$7,440.00	73	Each	\$8,760.00	73	Each	\$8,760.00
71	Remove Lift Station and Appurtenances	\$9,400.00	1	Lump Sum	\$9,400.00	1	Lump Sum	\$9,400.00	1	Lump Sum	\$9,400.00
72	4" Foremain	\$58.00	10	Linear Foot	\$580.00	7	Linear Foot	\$406.00	7	Linear Foot	\$406.00
73	8" PVC Pipe Sewer, SDR 35	\$35.00	12,705	Linear Foot	\$444,675.00	12,804	Linear Foot	\$448,140.00	12,804	Linear Foot	\$448,140.00
74	8" PVC Pipe Sewer, SDR 26	\$45.00	375	Linear Foot	\$16,875.00	131	Linear Foot	\$5,895.00	131	Linear Foot	\$5,895.00
75	10" PVC Pipe Sewer, SDR 35	\$36.00	240	Linear Foot	\$8,640.00	735	Linear Foot	\$26,460.00	735	Linear Foot	\$26,460.00
76	12" PVC Pipe Sewer, SDR 35	\$40.00	6,020	Linear Foot	\$240,800.00	6,020	Linear Foot	\$240,800.00	6,020	Linear Foot	\$240,800.00
77	12" PVC Pipe Sewer, SDR 26	\$118.00	26	Linear Foot	\$3,068.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00
78	15" PVC Pipe Sewer, SDR 35	\$44.00	3,120	Linear Foot	\$137,280.00	3,129	Linear Foot	\$137,676.00	3,129	Linear Foot	\$137,676.00
79	15" PVC Pipe Sewer, SDR 26	\$123.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00
80	4" PVC Pipe Sewer Service, SDR 26	\$17.00	13,900	Linear Foot	\$236,300.00	10,132	Linear Foot	\$172,244.00	10,132	Linear Foot	\$172,244.00
81	6" PVC Pipe Sewer Service, SDR 26	\$26.00	260	Linear Foot	\$6,760.00	643	Linear Foot	\$16,718.00	643	Linear Foot	\$16,718.00
82	8" x 4" PVC Wye Branch, SDR 26	\$115.00	223	Each	\$25,645.00	176	Each	\$20,240.00	176	Each	\$20,240.00
83	8" x 6" PVC Wye Branch, SDR 26	\$149.00	1	Each	\$149.00	6	Each	\$894.00	6	Each	\$894.00
84	8" x 8" PVC Wye Branch, SDR 26	\$260.00	2	Each	\$520.00	5	Each	\$1,300.00	5	Each	\$1,300.00
85	10" x 6" PVC Wye Branch, SDR-26 - CUT IN	\$1,200.00	1	Each	\$1,200.00	2	Each	\$2,400.00	2	Each	\$2,400.00
86	12" x 4" PVC Wye Branch, SDR 26	\$290.00	70	Each	\$20,300.00	63	Each	\$18,270.00	63	Each	\$18,270.00
87	12" x 6" PVC Wye Branch, SDR 26	\$310.00	2	Each	\$620.00	6	Each	\$1,860.00	6	Each	\$1,860.00
88	15"x4" PVC Wye Branch, SDR 26	\$350.00	40	Each	\$14,000.00	33	Each	\$11,550.00	33	Each	\$11,550.00
89	15" x 6" PVC Wye Branch, SDR 26	\$410.00	1	Each	\$410.00	2	Each	\$820.00	2	Each	\$820.00

(M)

PARTIAL PAY ESTIMATE NO.

14

2012-2013 Infrastructure Improvements
 Mountain Lake, Minnesota
 BMT PROJECT NO. S14.100679
 FILENAME: H:\M\TK\S14\100679\Exec\1100679 Quant.xls\Partial Pay Est. #14A
 WORK COMPLETED THROUGH JUNE 20, 2014

BID ITEM NO.	ITEM DESCRIPTION	CONTRACT PRICES			WORK COMPLETED PREVIOUS ESTIMATE			WORK COMPLETED JOB-TO-DATE			
		UNIT PRICE	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT
90	Construct Drainage Structure, Design 4007C	\$220.00	1,017.2	Linear Foot	\$223,784.00	806	Linear Foot	\$177,320.00	806	Linear Foot	\$177,320.00
91	Construct 8" PVC SDR-26 Outside Drop Structure & Granular Fill	\$230.00	35.3	Linear Foot	\$8,119.00	40.6	Linear Foot	\$9,338.00	40.6	Linear Foot	\$9,338.00
91-A	Construct 10" PVC SDR-26 Outside Drop Structure & Granular Fill	\$335.00	7.1	Linear Foot	\$2,378.50	6.90	Linear Foot	\$2,311.50	6.90	Linear Foot	\$2,311.50
92	Construct 12" PVC SDR-26 Outside Drop Structure & Granular Fill	\$440.00	0.0	Linear Foot	\$0.00	0	Linear Foot	\$0.00	0	Linear Foot	\$0.00
93	Televise Existing Sanitary Sewer Service	\$90.00	337	Each	\$30,330.00	223	Each	\$20,070.00	223	Each	\$20,070.00
94	Clean Existing Sanitary Sewer Service	\$90.00	50	Each	\$4,500.00	30	Each	\$2,700.00	30	Each	\$2,700.00
95	Casting Assembly - Sanitary	\$270.00	76	Each	\$20,520.00	72	Each	\$19,440.00	72	Each	\$19,440.00
96	Casting Assembly - Sanitary Adjustment	\$70.00	75	Each	\$5,250.00	3	Each	\$210.00	3	Each	\$210.00
96	Salvage & Reinstall Casting - Sanitary	\$500.00	2	Each	\$1,000.00	3	Each	\$1,500.00	3	Each	\$1,500.00
97	Coat Interior of Sanitary Sewer Manhole	\$51.00	233.4	Linear Foot	\$11,903.40	205	Linear Foot	\$10,455.00	205	Linear Foot	\$10,455.00
98	Flowable Fill	\$5.00	600	Linear Foot	\$3,000.00	493	Linear Foot	\$2,465.00	493	Linear Foot	\$2,465.00
99	Furnishing & Installation of New Submersible Pumps (Section 11311) and All Modifications to Wet Well as Shown on Drawing 2.02	\$31,000.00	1	Lump Sum	\$31,000.00	0.15	Lump Sum	\$4,650.00	0.15	Lump Sum	\$4,650.00
100	Furnishing and Installation of Lift Station Control Panels at Lift Stations 1, 3, 4, 5 and 6, and radio telemetry and SCADA Equipment and Modification to the Master Station at the Water Treatment Plant as Specified in Section 16950	\$260,000.00	1	Lump Sum	\$260,000.00	0	Lump Sum	\$0.00	0	Lump Sum	\$0.00
101	Furnishing a Trailer Mounted Portable Generator as Specified in Section 16622	\$51,000.00	1	Lump Sum	\$51,000.00	1	Lump Sum	\$51,000.00	1	Lump Sum	\$51,000.00
101-A	* Titan Alternate Accepted (\$66,000.00-\$15,000=\$51,000.00)	\$176,000.00	1	Lump Sum	\$176,000.00	0.75	Lump Sum	\$132,000.00	0.75	Lump Sum	\$132,000.00
102	Remove & Salvage Hydrant	\$108.00	36	Each	\$3,888.00	36	Each	\$3,888.00	36	Each	\$3,888.00
103	Remove & Salvage Gate Valve & Box	\$72.00	2	Each	\$144.00	5	Each	\$360.00	5	Each	\$360.00
104	Remove Gate Valve & Box	\$72.00	53	Each	\$3,816.00	59	Each	\$4,248.00	59	Each	\$4,248.00
105	12" PVC C-900 Watermain	\$41.00	5,680	Linear Foot	\$232,880.00	5,653	Linear Foot	\$231,773.00	5,653	Linear Foot	\$231,773.00
106	10" PVC C-900 W/M/N, Restrained Joint	\$50.00	100	Linear Foot	\$5,000.00	100	Linear Foot	\$5,000.00	100	Linear Foot	\$5,000.00
107	10" PVC C-900 Watermain - With Nitrile Gaskets	\$44.00	100	Linear Foot	\$4,400.00	70	Linear Foot	\$3,080.00	70	Linear Foot	\$3,080.00
108	10" PVC C-900 Watermain	\$39.00	1,200	Linear Foot	\$46,800.00	1,205	Linear Foot	\$46,995.00	1,205	Linear Foot	\$46,995.00
109	8" PVC C-900 Watermain	\$30.00	11,200	Linear Foot	\$336,000.00	11,291	Linear Foot	\$338,730.00	11,291	Linear Foot	\$338,730.00
110	6" PVC C-900 Watermain	\$27.00	3,064	Linear Foot	\$82,728.00	2,963	Linear Foot	\$80,001.00	2,963	Linear Foot	\$80,001.00
111	6" PVC C-900 W/M/N, Restrained Joint - Trenchless Installation	\$59.00	683	Linear Foot	\$40,297.00	344	Linear Foot	\$20,296.00	344	Linear Foot	\$20,296.00
112	4" PVC C-900 Watermain	\$28.00	230	Linear Foot	\$6,440.00	98	Linear Foot	\$2,744.00	98	Linear Foot	\$2,744.00

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ARTIAL PAY ESTIMATE NO.

12-2013 Infrastructure Improvements
 Mountain Lake, Minnesota

MI PROJECT NO. S14.100679

FILENAME: H:\MILKSI\100679\Excel\100679 Quant.xls\Partial Pay Est. #14A

WORK COMPLETED THROUGH JUNE 20, 2014

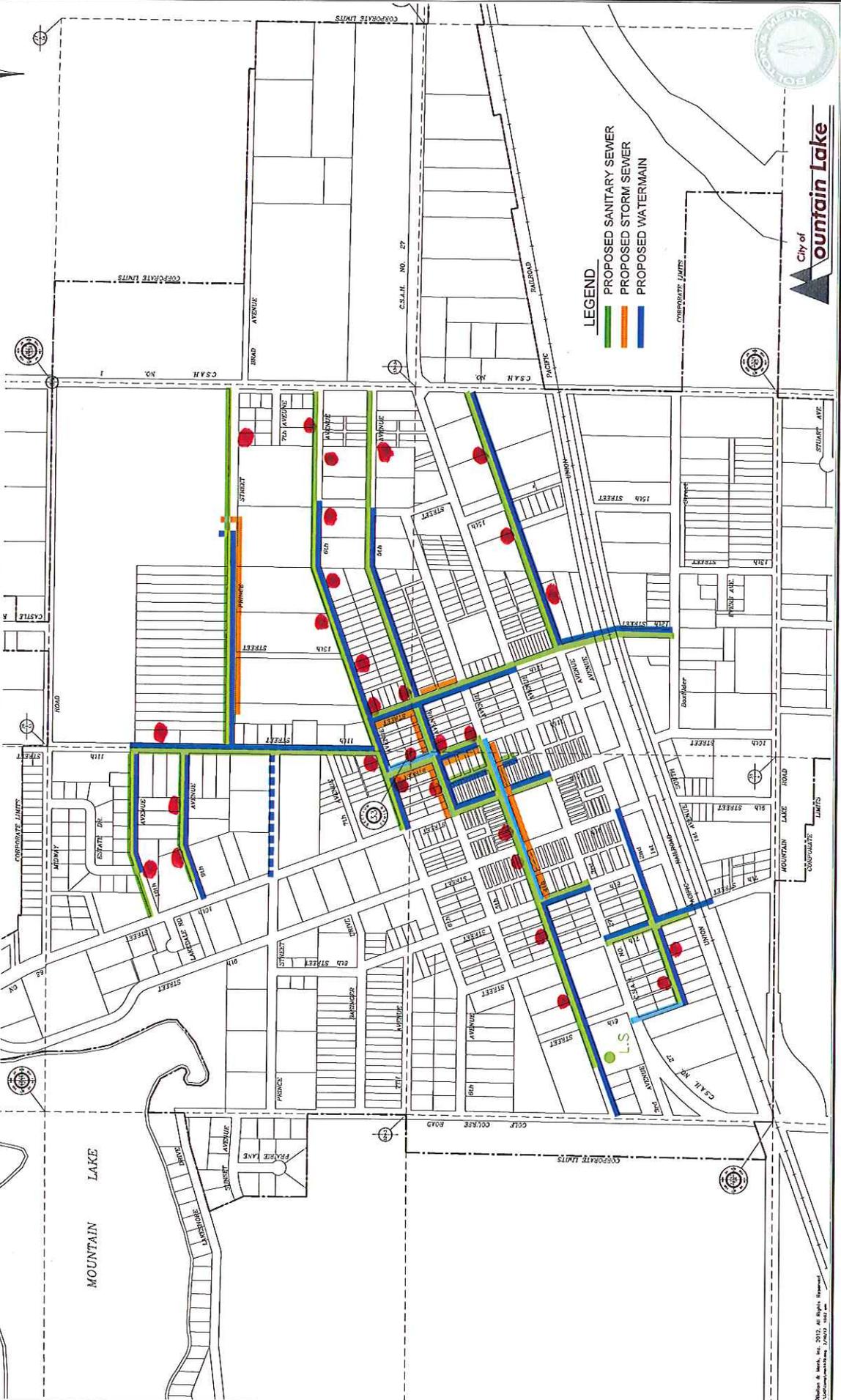
BID ITEM NO.	ITEM DESCRIPTION	CONTRACT PRICES			WORK COMPLETED PREVIOUS ESTIMATE			WORK COMPLETED JOB-TO-DATE			
		UNIT PRICE	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT	QNTY	UNIT	AMOUNT
113	20" Steel Casting, Jack & Auger	\$230.00	100	Linear Foot	\$23,000.00	100	Linear Foot	\$23,000.00	100	Linear Foot	\$23,000.00
114	12" Gate Valve & Box	\$3,000.00	16	Each	\$48,000.00	17	Each	\$51,000.00	17	Each	\$51,000.00
115	10" Gate Valve & Box	\$2,500.00	9	Each	\$22,500.00	7	Each	\$17,500.00	7	Each	\$17,500.00
116	8" Gate Valve & Box	\$1,900.00	49	Each	\$93,100.00	49	Each	\$93,100.00	49	Each	\$93,100.00
117	6" Gate Valve & Box	\$1,300.00	58	Each	\$75,400.00	59	Each	\$76,700.00	59	Each	\$76,700.00
118	4" Gate Valve & Box	\$1,100.00	12	Each	\$13,200.00	8	Each	\$8,800.00	8	Each	\$8,800.00
119	Hydrant - 8' Bury Depth	\$3,100.00	42	Each	\$130,200.00	42	Each	\$130,200.00	42	Each	\$130,200.00
120	4" Polystyrene Insulation	\$40.00	50	Square Yard	\$2,000.00	80	Square Yard	\$3,200.00	80	Square Yard	\$3,200.00
121	Temporary Water System	\$78,000.00	1	Lump Sum	\$78,000.00	1	Lump Sum	\$78,000.00	1	Lump Sum	\$78,000.00
122	Watermain Fittings (SBDI)	\$5.41	15,000	Pound	\$81,150.00	14,798	Pound	\$80,057.18	14,798	Pound	\$80,057.18
123	Adjust Frame & Ring Casting - Raw Watermain	\$500.00	1	Each	\$500.00	1	Each	\$500.00	1	Each	\$500.00
124	Adjust Gate Valve Box	\$300.00	7	Each	\$2,100.00	2	Each	\$600.00	2	Each	\$600.00
125	2" Corporation Stop & Saddle	\$410.00	2	Each	\$820.00	4	Each	\$1,640.00	4	Each	\$1,640.00
126	2" Curb Stop & Box	\$290.00	2	Each	\$580.00	4	Each	\$1,160.00	4	Each	\$1,160.00
127	2" Water Service	\$31.00	50	Linear Foot	\$1,550.00	208	Linear Foot	\$6,448.00	208	Linear Foot	\$6,448.00
128	1" Corporation Stop & Saddle	\$230.00	305	Each	\$70,150.00	263	Each	\$60,490.00	263	Each	\$60,490.00
129	1" Curb Stop & Box	\$160.00	304	Each	\$48,640.00	264	Each	\$42,240.00	264	Each	\$42,240.00
130	1" Water Service	\$20.00	11,000	Linear Foot	\$220,000.00	8,946	Linear Foot	\$178,920.00	8,946	Linear Foot	\$178,920.00
131	1" Water Service - Trenchless Installation	\$32.00	600	Linear Foot	\$19,200.00	496	Linear Foot	\$15,872.00	496	Linear Foot	\$15,872.00
	TOTAL AMOUNT:				\$9,502,196.55			\$8,345,030.91			\$8,377,566.05

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2012-2013 INFRASTRUCTURE IMPROVEMENTS

CITY OF MOUNTAIN LAKE

COTTONWOOD COUNTY, MINNESOTA



LEGEND
 PROPOSED SANITARY SEWER
 PROPOSED STORM SEWER
 PROPOSED WATERMAIN



City of **Mountain Lake**

City of Mountain Lake, MN, 2012. All Rights Reserved.
 Cottonwood County, Minnesota

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NAME	PIN	ADDRESS	LAND VALUE	BLDG VALUE	TOTAL MARKET VALUE	CORNER LOT	FRONTAGE	OTHER
Rinderle	413.0230	623 2nd Ave.	2,300	2,600	4,900	N	50'	front
Walker	413.0130	640 2nd Ave.	2,400	29,100	31,500	N	60'	front
Sourivong	161.0040	1306 2nd Ave.	1,000	51,900	52,900	N	52.5'	front
Friesen	610.0520	1417 2nd Ave.	2,600	24,000	26,600	N	108.5'	front
Quiring	610.0490	1515 2nd Ave.	3,500	69,000	72,800	N	100'	front
Cardona	443.0250	1029 9th Ave.	1,500	56,500	58,000	N	100'	front - previously gravel
Regehr	443.0350	1039 9th Ave.	4,400	36,300	40,700	N	144'	front - previously gravel
Miller	443.0361	1010 10th Ave.	3,400	63,200	66,600	N	208.8	front - previously gravel
Krahn	413.0530	653 4th Ave.	2,800	34,100	36,900	N	75'	front
Bauer	520.1661	703 4th Ave.	1,300	60,100	61,400	N	61'	front
Herrig	520.1630	401 9th St.	1,300	117,500	118,500	N	75'	garage approach on 4th Ave.
Jahnke	520.1470	903 4th Ave.	1,800	48,600	50,400	N	62'	front
Adrian	520.1950	1007 5th Ave.	2,300	46,200	48,500	N	61'	front
Newton	520.1300	420 11th St.	1,200	80,700	81,900	Y	84' on 5th Ave.	sideyard
Neufeld	410.0020	506 12th St.	2,900	106,100	109,100	Y	150' on 5th Ave.	sideyard
Decko	611.0440	1620 5th Ave.	3,200	14,400	17,600	N	71'	front
Oja	520.2020	521 11th St.	2,400	64,600	67,000	Y	111' on 6th Ave.	sideyard
Pfeiffer	671.0010	1019 6th Ave.	3,100	34,200	37,800	Y	40'	front
Lessmeier	440.0050	514 12th St.	4,700	92,700	96,500	Y	150' on 12th St.	front
Stoesz	410.0090	1220 6th Ave.	3,400	57,100	60,500	N	90'	front
Unruh	610.0750	1315 6th Ave.	3,400	58,300	61,700	N	85'	front
Herrig	410.0170	1406 6th Ave.	9,200	81,600	90,800	N	205'	front
Penner	610.0140	1428 6th Ave.	2,400	91,300	93,700	N	135'	front
Radtke	416.0160	1616 6th Ave.	4,100	125,200	129,300	N	110'	front
Netsch	356.0046	1706 6th Ave.	5,500	40,400	45,900	N	136	front

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Hanson	520.1280	1103 4th Ave.	2,000	23,500	25,500	N	150'	sideyard
Newton*	520.1300	420 11th St.	1,200	80,700	81,900	Y	87' on 11th St.	front
Hanson	520.2090	510 11th St.	1,200	26,700	27,900	N	50'	front
Oja*	520.2020	521 11th St.	2,400	64,600	67,000	Y	100'	front
Pfeiffer*	671.0010	1019 6th Ave.	3,100	34,200	37,800	Y	154.5' on 11th St.	side yard
Goehring	290.0111	914 11th St.	4,400	138,800	143,200	N	107.5'	front
Neufeld*	410.0020	506 12th St.	2,900	106,100	109,100	Y	120' on 12th St.	front
Lessmeier*	440.0050	514 12th St.	4,700	92,700	96,500	Y	100' on 12th St.	front
Rodney	356.0110	1620 Prince St.	2,900	106,100	109,100	N	90.5'	front

29 properties; 5 corner lots; Market Value \$4,900 - \$143,200; Frontage 40' to 209'

INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is entered into on this ____ day of _____, 2014 between the City of Mountain Lake (hereinafter City), and Albert Quiriam, (hereinafter Quiriam), party of the Second Part.

Whereas, City has developed a recreational plan, including the Mountain Lake Bike Trail which encourages exercise and promotes tourism in and around the City of Mountain Lake;

Whereas the Friends of the Lake is sponsoring a program to provide the availability and use of bicycles by the general public at no cost subject to certain rules.

Whereas, the City has agreed to retain an independent contractor to inspect such bikes and make repairs as needed.

Therefore, by this agreement, City retains Albert Quiriam to inspect and maintain such bicycles for the fee of thirty dollars (\$30.00) per week, plus \$30.00 per bicycle repair.

By retaining Quiriam, the City does not accept any liability for Quiriam's acts of negligence or any willful, malicious or reckless behavior. Quiriam shall hold City harmless for any claims resulting from the inspection and repair of bicycles or the failure to inspect and/or repair bicycles in the subject program.

This release contains the entire agreement between the parties hereto, and the terms of this release are contractual and not a mere recital. By their signature, the parties warrant and represent that they are aware they have a right to counsel, and if not represented, waive their right to counsel, and they fully understand and agree to all of the terms.

City of Mountain Lake

Dated: _____

By: Dean Janzen, Mayor

Dated: _____

By: Wendy Meyer, City Administrator

Dated: _____

Albert Quiriam

7-7-14 Draft

CITY OF MT. LAKE
REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDITING SERVICES
JULY 2014

MT. LAKE, MN 56159

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INTRODUCTION

A. General Information

The City of Mt. Lake is requesting proposals from qualified firms of certified public accountants to prepare and audit its financial statements for the fiscal year ending December 31, 2014, with the option of renewal for auditing services for fiscal years ending December 31, 2015 and December 31, 2016. This audit is to be performed in accordance with generally accepted auditing standards.

There is no expressed or implied obligation for the City of Mt. Lake to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Any inquiries concerning the request for proposals should be addressed to Wendy Meyer, City Administrator Clerk/Treasurer at 507-427-2999 Ext. 1 or city@mountainlake.govoffice.com.

To be considered, an original and eight (8) copies of a proposal must be received at Mt. Lake City Hall PO Box C Mt. Lake, MN 56159 by 2:00 p.m. on August 15, 2014. The City of Mt. Lake reserves the right to reject any or all proposals submitted and/or waive any irregularities.

Proposals submitted will be evaluated by the City of Mt. Lake City Administrator, Deputy Clerk and Utility Office Manager. A recommendation will be submitted to the Mt. Lake City Council for their approval.

During the evaluation process, the Mt. Lake City Council and the City of Mt. Lake reserve the right, where it may serve the City of Mt. Lake's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Mt. Lake, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Mt. Lake reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Mt. Lake and the firm selected.

It is anticipated the selection of a firm will be completed by Sept. 2, 2014. Following the notification of the selected firm it is expected a contract will be executed between both parties by September 30, 2014.

B. Term of Engagement

A three-year contract is contemplated, subject to the annual review and recommendation of city staff, the satisfactory negotiation of terms, a price acceptable to both the City of Mt. Lake and the

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selected firm, and the concurrence of the City Council and the annual availability of an appropriation within the Mt. Lake City Budget for performing an audit.

II. NATURE OF SERVICES REQUIRED

A. General

The Auditor will audit the general purpose financial statements of the City of Mt. Lake for the years ending 2014-2016. The financial statements will be presented in accordance with GASB.

The objective of the audit is the expression of an opinion as to whether our general purchase financial statements are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Your audit will be conducted in accordance with U. S. generally accepted auditing standards and will include tests of the accounting records of the City and other procedures you consider necessary to enable you to express such an opinion.

Should you conclude at any point in the audit process that an unqualified opinion is not possible; this conclusion will be conveyed promptly in writing to the Clerk/Administrator and/or City Council. All matters that preclude the issuance of an unqualified opinion will be clearly stated.

A management letter will be presented including a statement of audit findings affecting the financial statements, internal control, accounting systems, legality of financial transactions, suspected or actual non-compliance with laws and regulations, and other material matters including a comparison of the City's performance/efficiency in the current year with prior years and other cities, and monthly depreciation estimates.

The Firm will also provide year end adjusting entries as needed, and advise as to procedural changes for the betterment of the financial record keeping of the City. These services shall be included in the proposal as incidental to the audit.

B. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Single Audit Act and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The audit also shall be performed in accordance with the *Minnesota Legal Compliance Audit Guide for Local Governments*.

C. Reports To Be Issued (minimum of 15 copies)

The auditor shall issue general purpose financial statements & independent auditor's report including:

1. Combined and individual fund statements
2. A report on the fair presentation of the general purpose financial statements in conformity with generally accepted accounting principles.
3. A report on the internal control structure based on the auditors' understanding of the control structure and assessment of control risk.
4. A report on compliance with applicable laws and regulations.
5. Single purpose audit of federal awards as necessary
6. Schedule of findings and questioned costs
7. Reportable conditions that are also material weaknesses shall be identified as such in the report.
8. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.
9. The reports on compliance shall include all instances of noncompliance.

Reporting to the City of Mt. Lake.

Auditors shall assure themselves that the City Clerk/Treasurer is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments' and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

Other Reporting Requirements. The Firm shall complete the Financial reports under this proposal no later than May 20 each year. The Firm shall make timely submittal of all annual and periodic reports required by the Office of the State Auditor, Cottonwood County Auditor, and other State and Federal Agencies requiring financial reporting. These include but are not limited to: Annual City Reporting forms, Tax Increment Reporting, Single Audit requirements and any GASB requirements.

Presentations of Reports The financial reports shall be presented to the Mt. Lake Municipal Utilities Commission and the City Council. The Utility Commission meets on the 2nd and 4th Thursdays of each month; and the Council generally meets on the 1st and 3rd Mondays of each month

III. DESCRIPTION OF THE GOVERNMENT

A. The auditor's principal contact with the City of Mt. Lake will be Wendy Meyer, Clerk/Administrator or a designated representative, who will coordinate the assistance to be provided by the City of Mt. Lake to the auditor.

B. Background Information

The City of Mt. Lake serves a population of approximately 1678.

The City of Mt. Lake's fiscal year begins on January 1, and ends December 31.

The accounting and financial reporting functions of the City of Mt. Lake are centralized.

Document processing is at the following approximate levels each year:

- Receipts
- Payable Checks
- Utility Bills
- Payroll

All financial information and transactions are process through IBM compatible personal computer using Banyon Accounting software.

More detailed information on the government and its finances can be found in the Annual Financial Report for the year ended December 31, 2013. Contact Wendy Meyer, City Administrator, to obtain a copy of the report.

D. Fund Structure

Structure as illustrated in the 2013 Annual Financial report: General Fund: Special Revenue Funds including Economic Development Loan Funds and Tax Increment

Districts; Debt Service Funds; and Enterprise Funds of Water, Wastewater, Electric and three Economic Development Authority owned townhouse developments.

E. Principal Functions

The principal functions performed are as follows:

Administrative and Clerical
Accounting
Accounts Payable
Accounts Receivable
Data Entry
Utility Billing
Payroll

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

The City Administrator, Deputy Clerk and Utility Office Manager will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor.

Work papers to be prepared by the staff of the City shall be determined during a planning conference prior to year's end. All working papers and reports shall be retained for a period of seven (7) years.

V. PROPOSAL REQUIREMENT

A. General Requirements

Inquiries concerning the request for proposals can be made to Wendy Meyer, Clerk/Administrator city@mountainlake.govoffice.com 507-427-2999 Ext. 1.

B. Submission of Proposals

An original and eight (8) copies of the proposal including the sections listed below must be received at Mt. Lake City Hall, P. O. Box C, 930 Third Ave., Mt. Lake, MN 56159 by 4:00 p.m. August 15, 2014.

1. Title Page

Showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

2. Transmittal Letter

Briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within an appropriate time period, a statement why the firm believes itself to be best qualified to perform the engagement.

3. General Information

- a. Firm qualifications and experience
- b. An affirmative statement that the firm is independent from the City of Mt. Lake
- c. License to practice in MN
- d. Partner, supervisor and staff qualifications and experience
- e. Prior engagements with the City of Mt. Lake
- f. Similar engagements with other governmental entities – references with phone numbers
- g. Specific audit approach

4. Other

Assurance (appendix A)
List of exceptions
Hourly rate for special projects
List of out of pocket expenses

5. Cost

The proposal shall include a dollar cost bid including the total all-inclusive maximum price for year 2014. The proposal should also include an estimate of any increases contemplated for the renewal of the agreement for 2015 and 2016. A description of the firm's billing practices and bill schedule should be included. Any item that is excluded from audit coverage should be listed.

6. Additional Option to the Proposal

The City requests a quote to include an audit of the financial records of the Scandia Fire Relief Association.

Firms should send the completed proposal to the following address:

Wendy Meyer, Clerk/Administrator
City of Mt. Lake
P. O. Box C
930 Third Ave.
Mt. Lake, MN 56159

C. Final Selection

It is anticipated that a firm will be selected by the City Council during its regularly scheduled meeting on September 2, 2014. Following notification of the firm selected, it is expected a contract will be executed between both parties by September 30, 2014.

Appendix A

Applicant Assurances

The applicant hereby assures and certifies:

1. That the individual signing the assurance form on behalf of the individual, partnership, company or corporation named in the proposal possesses the legal authority to execute a contract for the proposed work.
2. That the firm agrees to comply with all applicable federal, state and local compliance requirements.
3. That the firm is adequately insured to do business and perform the services proposed (Attach Documentation).