

AGENDA
HARMONY CITY COUNCIL
HARMONY ECONOMIC DEVELOPMENT AUTHORITY
Regular Meeting

March 9th, 2021
7:00 P.M.

Council Room
Community Center

1. Call to Order
2. Roll Call
3. Public Forum
4. Consent Agenda
 - a. Minutes
 - b. Claims
 - c. Administrator Report
 - d. Financial Report
 - e. CD
5. New Business
 - a. New Copier – New Copier for office – In packet
 - b. Dairyland Power Harmony Outpost Project
 - A. Public Hearing #1 TIF District Dairyland Power
 - B. Public Hearing #2 – Business Subsidy for DairyLand
 - C. Business Subsidy Agreement
 - D. Development Agreement
 - E. Resolution 21-06 TIF and Business Subs for Dairyland
 - F. Dairyland Power Utility Expansion Improvements Design and Construction Services Letter Proposal
 - G. Awarding Boring Quote for Dairyland Utility Extension – In packet
6. Reports
 - a. Building & Maintenance Report
 - A. WWTP Update
 - b. EDA Board
 - A. EDA Loan Request
 - c. Park Board
 - A. Splash Pad Update
 - d. Library Board
 - e. Arts Board
 - f. Fire Truck Grant Update
 - g. Sheriff Report
7. Adjourn



AGENDA
HARMONY CITY COUNCIL
HARMONY ECONOMIC DEVELOPMENT AUTHORITY
Regular Meeting

March 9th, 2021
7:00 P.M.

Council Room
Community Center

1. Call to Order
2. Roll Call
3. Public Forum
4. Consent Agenda
 - a. Minutes – Packet
 - b. Claims – In packet
 - c. Administrator Report – In Packet
 - d. Financial Report
 - e. CD
5. New Business
 - a. New Copier – New Copier for office – In packet
 - b. Dairyland Power Harmony Outpost Project
 - A. Public Hearing #1 TIF District Dairyland Power
 - B. Public Hearing #2 – Business Subsidy for DairyLand
 - C. Business Subsidy Agreement
 - D. Development Agreement
 - E. Resolution 21-06 TIF and Business Subs for Dairyland
 - F. Dairyland Power Utility Expansion Improvements Design and Construction Services Letter Proposal
 - G. Awarding Boring Quote for Dairyland Utility Extension – In packet
6. Reports
 - a. Building & Maintenance Report
 - A. WWTP Update
 - b. EDA Board
 - A. EDA Loan Request
 1. Bee Balm
 - c. Park Board
 - A. Splash Pad Update
 - d. Library Board
 - e. Arts Board
 - f. Fire Truck Grant Update
 - g. Sheriff Report
7. Adjourn



FEBRUARY 9, 2021

REGULAR MEETING

HARMONY CITY COUNCIL

A Regular meeting of the Harmony City Council was called to order by Mayor Steve Donney at 7:00 PM. Present were Mayor Donney, Councilmembers Steve Sagen, Tony Webber, Domingo Kingsley and Jesse Grabau; Attorney Greg Schieber, Administrator Devin Swanberg, Samantha Grabau, Brad Thacher, Brain Michel, Corey Whalen, Terry Bigalk, Hannah Wingert and Eileen Schansberg.

PUBLIC FORUM:

No one was present.

CONSENT AGENDA:

Motion by Grabau and seconded by Webber to approve the Consent Agenda which consists of the minutes to the January 12, 2021 Council meeting, the Claims, the Administrator's Report, the Financial Report and cashing in CD #44427 to the General Fund. All present voting yes. Motion carried.

NEW BUSINESS:

SPLASH PAD:

Bids were presented for the Splash Pad infrastructure. Motion by Donney and seconded by Kingsley to accept the low bid of \$43,915.00 from Generation X Construction. Following was much conversation regarding the funding for the Grinder portion from the Park Board and Wilken Fund. Webber stated the City was only paying for the Grinder while the Mayor felt the Park Board and Wilken Fund were contributing the \$16,000 toward the project. The Mayor suggested the Wilken Fund could possibly contribute to the Park Fund. All present voting yes. Motion carried.

UNION CONTRACT:

The 2021-2023 Union Contract was reviewed. Motion by Webber and seconded by Grabau to accept the Union Contract. It was agreed upon by both sides and passed the union vote. The terms are a 2.5% increase in 2021 retroactive to January 1st 2021, 3% increase in 2022 and 3% in 2023. If at any time the workers receive their C-Level Wastewater Licensure, they will get an increase of \$2.00 an hour. All present voting yes. Motion carried.

LIQUOR LICENSURE:

A Liquor License renewal for Kwik Trip was reviewed for April 2021 to April 2022. Motion to approve the renewal by Grabau and seconded by Sagen. All present voting yes. Motion carried.

AMBULANCE SUBSIDY CONTRACT:

The 2021 Ambulance Subside Contract with Fillmore County was reviewed. Motion by Webber and seconded by Grabau to approve the Contract. All present voting yes. Motion carried.

RESOLUTION IN SUPPORT:

Resolution 21-05 was presented: A RESOLUTION OF SUPPORT FOR LOCAL GOVERNMENT AID PAYING LGA ON TIME AND IN FULL. Motion to adopt the resolution by Grabau and seconded by Kingsley.

Voting for the resolution was: Kingsley, Sagen, Grabau, Webber and Donney
Voting against the resolution was: No One
Abstained from voting was: No One
Absent from voting was: No One
The motion passed and Resolution 21-05 was Adopted.

FIRE TRUCK:

Grabau gave an update on the purchase of a Fire Truck from DANKO using the AGAC bid. The truck amount is \$290,243.00. This amount includes the pre-pay available saving an extra \$1,500. Attorney Schieber gave a caution to prepaying stating leverage can be used if issues arise. Grabau stated the Department has done business in the past and Danko is a reputable company. The funds will come from the Capital Outlay Fund and Grabau is working on a Grant for \$40,000.00. The Truck being replaced has no trade-in value so it will be put up for bids or sold outright. Motion by Webber to do the Pre-pay with Danko and seconded by Grabau. All present voting yes. Motion carried.

BUILDING & MAINTENANCE:

Maintenance Staff Corey Whalen discussed getting 3 bids for a 1-ton truck. Whalen stated he was using the State Bid for a Dodge Chaise looking at Adamson Motors. A down payment for \$1,000 was recommended from Adamson Motors to begin the order. Motion by Webber and seconded by Grabau to purchase the truck from Adamson Motors using the State Bid. All present voting yes. Motion carried.

EDA REPORT:

LOAN REQUESTS:

A Request for approval of 2 Revolving Loans as recommended by the EDA.

1. The Shop A Cut Above has requested a lone in the amount of \$25,000 at a 3.25% over 10 years. Motion by Donney and seconded by Webber to approve the loan pending bank approval. All present voting yes. Motion carried.
2. Harmony Lodge has requested \$35,000 at a rate of 3.25% over 10 years. Motion by Sagen and seconded by Grabau to approve the loan pending bank final approval. All present voting yes. Motion carried

ELECTRIC CHARGING STATION:

Mi Energy has agreed to donate an Electric Vehicle Charging Station. The City will provide power to the area. The city would own and maintain the station as well as be responsible for any upgrades to the station.

PARK BOARD:

Has not met.

LIBRARY BOARD:

Will be adding new tables and a new Reception Desk.

ARTS BOARD:

The Board requests \$500.00 be donated to the Fillmore Central Ceramics/Kiln Program in support of the new Fillmore Central art venture.

SHERIFF REPORT:

In the packet for reviewal.

ADDITIONAL ITEMS:

BOARD OF REVIEW:

Administrator Swanberg stated the Board of Review has been set for April 12, 2021 at 7:00 PM.

FINANCIAL CONSULTANT:

Motion by Grabau and seconded by Webber to accept DAVID DROWN, INC as our Financial Consultant for this year. All present voting yes. Motion carried.

MASK MANDATE:

Discussion of people in the Community Building not wearing masks. Sagen stated it is a Governor mandated order and should be followed. Staff was instructed to post notice that if the mandate was not followed the Gym would be closed.

EDA/CITY COUNCIL:

Attorney Greg Schieber stated the Council Meetings will now be posted as EDA/City Council meetings to comply with the Open Meeting Law as there will be 3 EDA members at the Council meeting.

Upon no further business, Mayor Donney adjourned the meeting.

Mayor Steve Donney

Eileen Schansberg, Deputy Clerk

CITY OF HARMONY
City Council Claims for Review

03/05/21 1:01 PM

Page 1

March 10, 2021

Fund Descr	Object of Expense	Vendor	Comments	Amount
Fund 101 General Fund				
General Fund	Union Central Pension Fund	CENTRAL PENSION FUND	Union Pension	\$289.50
General Fund	Health Insurance	I.U.O.E. LOCAL 49 FRINGE BENEF	Health Insurance short in Feb-Union	\$180.00
General Fund	Health Insurance	I.U.O.E. LOCAL 49 FRINGE BENEF	Health Insurance-Union	\$3,975.00
General Fund	Union Dues	IUOE LOCAL #49	Union dues	\$105.00
General Fund	NCPERS Insurance	NCPERS GROUP LIFE INS	511800	\$16.00
General Fund	Life Insurance	USABLE LIFE	short last month	\$1.65
General Fund	Life Insurance	USABLE LIFE	101421301G	\$59.65
General Fund	General Operating Supplies	QUILL CORPORATION	keyboard returned	-\$60.99
General Fund	General Operating Supplies	QUILL CORPORATION	office supplies/keyboard	\$133.96
General Fund	Miscellaneous	FILLMORE COUNTY TREASURER	2021 Special Assessment new fee	\$50.00
General Fund	Postage	ELAN FINANCIAL SERVICES	postage paid envelopes	\$263.77
General Fund	Postage	HARMONY POST OFFICE	Annual mailbox rental	\$150.00
General Fund	General Operating Supplies	SEACHANGE PRINT INNOVATIONS	animal tags	\$187.50
General Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly phone service Civil Defense	\$41.13
General Fund	Cleaning Supplies	SUPERIOR CHEMICAL CORP	cleaning supply	\$76.45
General Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Comm Ctr	\$3,622.52
General Fund	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Comm Ctr	\$526.77
General Fund	General Operating Supplies	KINGSLEY MERCANTILE	caulk/gorilla spray/screws	\$35.88
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-Chevy pickup	\$65.64
General Fund	Repair/Maint Vehicles	PRESTON AUTO PARTS	headlight	\$8.25
General Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	sewer-Comm Ctr	\$45.72
General Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly phone/DSL bill-Comm Ctr	\$219.30
General Fund	Water Utilities	HARMONY PUBLIC UTILITIES	water-Comm Ctr	\$30.41
General Fund	Auditing and Acct g Services	ABDO, EICK & MEYERS, LLP	2020 Audit fees	\$3,200.00
General Fund	Contractual Services	BRUENING ROCK PRODUCTS, INC	snow removal 02/28/21	\$1,447.50
General Fund	Contractual Services	BRUENING ROCK PRODUCTS, INC	snow removal 02/01/21	\$1,942.50
General Fund	Contractual Services	BRUENING ROCK PRODUCTS, INC	snow removal 02/11/21	\$1,095.00
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	gas/diesel plow/skid loader	\$388.72
General Fund	Repair/Maint Machinery/Equip	IRONSIDE TRAILER SALES & SERVI	repair plow	\$108.27
General Fund	Repair/Maint Vehicles	HAMMELL EQUIPMENT	repair wiper motor on the skidloader	\$306.79
General Fund	Legal Fees	NETHERCUT SCHIEBER ATTORNEYS	legal fees for Feb	\$330.00
General Fund	Motor Fuels/Lubricants	SEVERSON OIL CO.	Gas-Squad	\$318.38
General Fund	Repair/Maint Vehicles	IRONSIDE TRAILER SALES & SERVI	service Squad	\$84.73
General Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly phone service-police	\$41.64
General Fund	Building Repair Materials	KINGSLEY MERCANTILE	replace toilet stool in shop	\$331.84
General Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Shop	\$329.23

CITY OF HARMONY
City Council Claims for Review

03/05/21 1:01 PM

Page 2

March 10, 2021

Fund Descr	Object of Expense	Vendor	Comments	Amount
General Fund	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Shop	\$413.66
General Fund	General Operating Supplies	MISSISSIPPI WELDERS SUPPLY CO	oxygen cylinders	\$51.24
General Fund	Small Tools and Minor Equip	KINGSLEY MERCANTILE	shovel/hand sprayer	\$46.98
General Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly internet service-Shop	\$44.95
General Fund	Water Utilities	HARMONY PUBLIC UTILITIES	water-Shop	\$20.29
General Fund	Equipment Parts	HAMMELL EQUIPMENT	parts	\$3.30
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-1-ton	\$166.80
General Fund	Motor Fuels/Lubricants	RUN RIGHT POWER LLC	4 stroke fuel	\$39.90
General Fund	Street Maint Materials	TEAM LABORATORY CHEM. CORP.	road patch	\$767.50
General Fund	Building Repair Materials	KINGSLEY MERCANTILE	thermostat	\$19.79
General Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Vis Ctr	\$130.95
General Fund	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Vis Ctr	\$435.76
General Fund	Motor Fuels/Lubricants	KWIK TRIP,INC	Gas-Chevy pickup	\$65.65
General Fund	Repair/Maint Vehicles	PRESTON AUTO PARTS	headlight	\$8.24
General Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	sewer-Vis Ctr	\$23.93
General Fund	Water Utilities	HARMONY PUBLIC UTILITIES	water-Vis Ctr	\$16.06
Fund 101 General Fund				\$22,202.71
Fund 211 Library Fund				
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$19.24
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$86.32
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$68.23
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$134.70
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$64.87
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$82.47
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$58.27
Library Fund	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$43.98
Library Fund	Media-Books	AMAZON CAPITAL SERVICES	book	\$14.98
Library Fund	Media-Books	BAKER & TAYLOR	books	\$267.34
Library Fund	Media-Books	BAKER & TAYLOR	books	\$45.68
Library Fund	Media-Books	BAKER & TAYLOR	books	\$41.54
Library Fund	Media-Books	BAKER & TAYLOR	books	\$29.86
Library Fund	Media-Books	BAKER & TAYLOR	books	\$140.31
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVD Series/DVD	\$125.13
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVD	\$26.21
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	TV Series DVD	\$46.29
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$28.95
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVD	\$14.39

CITY OF HARMONY
City Council Claims for Review

03/05/21 1:01 PM

Page 3

March 10, 2021

Fund Descr	Object of Expense	Vendor	Comments	Amount
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$61.81
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$352.51
Library Fund	Media-Video	AMAZON CAPITAL SERVICES	DVD Seroes	\$50.74
Library Fund	Office Accessories	DEMCO, INC	book tape & DVD pages	\$333.90
Library Fund	Office Accessories	DEMCO, INC	multi DVD Albums	\$75.05
Library Fund	Office Equip	AMAZON CAPITAL SERVICES	2 chairs for table	\$176.50
Library Fund	Program Supplies	AMAZON CAPITAL SERVICES	cover for file cabinets	\$17.77
Library Fund	Repair/Maint Office Equipment	CANON FINANCIAL SERVICES, INC	copier lease	\$44.00
Library Fund	Repair/Maint Office Equipment	LOFFLER COMPANIES, INC	Copier maintenance fee	\$57.45
Library Fund	Software Service Fees	SOUTHEASTERN LIBRARIES COOP	Basic services & PC support	\$605.72
Library Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly phone service-Library	\$46.41
Fund 211 Library Fund				\$3,160.62
Fund 222 Fire Fund				
Fire Fund	Equipment Parts	ELAN FINANCIAL SERVICES	batteries for fire pagers	\$50.45
Fire Fund	Equipment Parts	MOREM ELECTRIC, INC	batteries for SCBA gear	\$103.68
Fire Fund	General Operating Supplies	KINGSLEY MERCANTILE	battery/antifreeze/toilet bolts/wax ring	\$35.06
Fire Fund	Motor Fuels/Lubricants	KWIK TRIP, INC	diesel	\$47.69
Fire Fund	Taxes, Licenses & Permits	ELAN FINANCIAL SERVICES	CPR cards for Firemen	\$110.50
Fire Fund	Taxes, Licenses & Permits	ELAN FINANCIAL SERVICES	CPR card for fireman	\$6.50
Fire Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Fire Hall	\$349.85
Fire Fund	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Fire Hall	\$350.41
Fire Fund	Repair/Maint Bldg/Structures	VIS PLUMBING	fix womens toilet	\$112.50
Fire Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	Sewer-Fire Hall	\$26.52
Fire Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly phone service-Fire Hall	\$95.38
Fire Fund	Water Utilities	HARMONY PUBLIC UTILITIES	water-Fire Hall	\$17.76
Fund 222 Fire Fund				\$1,306.30
Fund 223 Ambulance Fund				
Ambulance Fund	Ambulance Accounts Receivable	AMBULANCE REFUNDS	Amb overpayment refunded Franklin Burm	\$180.67
Ambulance Fund	Equipment Parts	EMERGENCY MEDICAL PRODUCTS	Oxygen flow meters (2) & accessories	\$142.50
Ambulance Fund	Financial Services Fees	EXPERT T BILLING	billing services for January	\$406.00
Ambulance Fund	Medical Supplies	ELAN FINANCIAL SERVICES	2 Epi Pens Adult	\$274.24
Ambulance Fund	Medical Supplies	ELAN FINANCIAL SERVICES	2 Epi Pens Jr	\$274.24
Ambulance Fund	Medical Supplies	ELAN FINANCIAL SERVICES	Sodium Chloride	\$9.72
Ambulance Fund	Medical Supplies	MISSISSIPPI WELDERS SUPPLY CO	cylinder rental	\$7.32
Ambulance Fund	Medical Supplies	MISSISSIPPI WELDERS SUPPLY CO	oxygen	\$108.04
Ambulance Fund	Motor Fuels/Lubricants	KWIK TRIP, INC	diesel-Amb	\$159.70

CITY OF HARMONY
City Council Claims for Review

03/05/21 1:01 PM

Page 4

March 10, 2021

Fund Descr	Object of Expense	Vendor	Comments	Amount
Ambulance Fund	Motor Vehicles	ANCOM TECHNICAL CENTER	transfer Radio to new Vehicle	\$1,273.22
Ambulance Fund	Motor Vehicles	KELLY PRINTING & SIGNS	Striping the Ambulance	\$546.96
Ambulance Fund	Other Equipment	STRYKER SALES CORPORATION	Power Cot & Load system-Amb	\$39,109.07
Ambulance Fund	Small Tools and Minor Equip	SIKKINK, CHUCK	baskets for Ambulance	\$13.61
Ambulance Fund	Small Tools and Minor Equip	STRYKER SALES CORPORATION	paid for twice-CREDIT MEMO refund	-\$402.43
Ambulance Fund	Taxes, Licenses & Permits	DORNINK, DAN	Nation Registry License reimbursed-Dan D	\$20.00
Ambulance Fund	Taxes, Licenses & Permits	ELAN FINANCIAL SERVICES	NREMT license renewal-Lana Soppy	\$20.00
Ambulance Fund	Telephone	VERIZON WIRELESS	monthly cell service	\$48.58
Ambulance Fund	Training Fees	SE MINNESOTA EMS	CEVO Class-Dustin Hanson 4/17/21	\$50.00
Fund 223 Ambulance Fund				<u>\$42,241.44</u>
Fund 251 Park Fund				
Park Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Parks	\$179.70
Fund 251 Park Fund				<u>\$179.70</u>
Fund 315 G.O. Tax Abate Refund 2013A-CC				
G.O. Tax Abate Refund	Debt Service Interest	FIRST SOUTHEAST BANK	GO Bond 2013A Int pmt	\$704.00
Fund 315 G.O. Tax Abate Refund 2013A-CC				<u>\$704.00</u>
Fund 601 Water Fund				
Water Fund	MN Water Testing Fee Due	MN DEPT OF HEALTH	Qtrly water connection fees	\$1,462.00
Water Fund	Auditing and Acct g Services	ABDO, EICK & MEYERS, LLP	2020 Audit fees	\$3,200.00
Water Fund	Postage	ELAN FINANCIAL SERVICES	postage paid envelopes	\$263.77
Water Fund	Chemicals and Chem Products	HAWKINS WATER TREATMENT GROU	chlorine cylinder rental	\$10.00
Water Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-pumphouses	\$1,605.73
Water Fund	Gas Utilities	MINNESOTA ENERGY	monthly gas service-pumphouses	\$116.23
Water Fund	General Operating Supplies	KINGSLEY MERCANTILE	elbows/tees/nipples/plugs	\$45.93
Water Fund	Laboratory & Testing Fees	UTILITY CONSULTANTS, INC	water test	\$40.00
Water Fund	Utility Maint Materials	CORE & MAIN, LP	water utility materials	\$1,512.33
Fund 601 Water Fund				<u>\$8,255.99</u>
Fund 602 Sewer Fund				
Sewer Fund	Auditing and Acct g Services	ABDO, EICK & MEYERS, LLP	2020 Audit fees	\$3,200.00
Sewer Fund	Postage	ELAN FINANCIAL SERVICES	postage paid envelopes	\$263.77
Sewer Fund	Taxes, Licenses & Permits	MN DEPT OF PUBLIC SAFETY (LCD)	permit for hazardous materials	\$100.00
Sewer Fund	Building Repair Materials	ELAN FINANCIAL SERVICES	Trolley & Hoist for WW plant for pumps	\$503.58
Sewer Fund	Building Repair Materials	KINGSLEY MERCANTILE	replace toilet stool in WW plant	\$293.85
Sewer Fund	Cleaning Supplies	HARMONY FOODS	bathroom tissue	\$7.29
Sewer Fund	Cleaning Supplies	SUPERIOR CHEMICAL CORP	cleaning supply	\$76.45

CITY OF HARMONY
City Council Claims for Review

03/05/21 1:01 PM

Page 5

March 10, 2021

Fund Descr	Object of Expense	Vendor	Comments	Amount
Sewer Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-WWTP/Lifts	\$1,572.20
Sewer Fund	General Operating Supplies	USA BLUEBOOK	well testing supplies	\$549.41
Sewer Fund	Laboratory & Testing Fees	UTILITY CONSULTANTS, INC	wastewater testing	\$812.40
Sewer Fund	Motor Fuels/Lubricants	TEAM LABORATORY CHEM. CORP.	lift station degreaser	\$2,095.00
Sewer Fund	Repair/Maint Other Improve	CANTON HEATING & COOLING, LLC	Wickett Dr sewer issue	\$837.50
Sewer Fund	Repair/Maint Other Improve	MOREM ELECTRIC, INC	Air Compressor issue	\$68.00
Sewer Fund	Repair/Maint Other Improve	RCT Sewer & Vac	jetting frozen sewer Wickett Drive	\$800.00
Sewer Fund	Sewer Utilities	HARMONY PUBLIC UTILITIES	sewer-WWTP	\$2,201.86
Sewer Fund	Small Tools and Minor Equip	KINGSLEY MERCANTILE	hand truck	\$174.99
Sewer Fund	Telephone	HARMONY TELEPHONE COMPANY	monthly phone service-WWTP/Lifts	\$166.36
Sewer Fund	Utility Maint Materials	DAKOTA SUPPLY GROUP	PVC piping parts	\$334.60
Sewer Fund	Water Utilities	HARMONY PUBLIC UTILITIES	water-WWTP	\$1,450.62
Fund 602 Sewer Fund				<u>\$15,507.88</u>
Fund 603 Solid Waste Fund				
Solid Waste Fund	Auditing and Acct g Services	ABDO, EICK & MEYERS, LLP	2020 Audit fees	\$3,200.00
Solid Waste Fund	Postage	ELAN FINANCIAL SERVICES	postage paid envelopes	\$263.77
Fund 603 Solid Waste Fund				<u>\$3,463.77</u>
Fund 604 Electric Fund				
Electric Fund	Utility Deposits	UTILITY DEPOSIT REFUND	Utility deposit refund to utilities	\$150.00
Electric Fund	Utility Deposits	UTILITY DEPOSIT REFUND	Utility deposit refunded-Devon Thompson	\$150.00
Electric Fund	Electric Power for Resale	MI ENERGY COOPERATIVE	Power for Resale	\$67,166.62
Electric Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-streetlighting	\$1,332.07
Electric Fund	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Town Clock	\$13.42
Electric Fund	General Operating Supplies	UTILITY LOGIC	marking paint/locating flags	\$489.16
Electric Fund	Motor Fuels/Lubricants	SEVERSON OIL CO.	gas-Ford pickup	\$66.54
Electric Fund	Repair/Maint Other Improve	MI ENERGY COOPERATIVE	dropped tri-plex for trailer houses being re	\$167.50
Electric Fund	Repair/Maint Vehicles	HARMONY BODY SHOP	shortage on fixing Ford pickup	\$20.00
Electric Fund	Auditing and Acct g Services	ABDO, EICK & MEYERS, LLP	2020 Audit fees	\$3,200.00
Electric Fund	Deposit Interst Paid	UTILITY DEPOSIT REFUND	Int on deposit-Devon Thompson to Utilitie	\$0.92
Electric Fund	Postage	ELAN FINANCIAL SERVICES	postage paid envelopes	\$263.77
Electric Fund	Taxes, Licenses & Permits	MN DEPT OF COMMERCE	4th Qtr Assessment	\$44.37
Fund 604 Electric Fund				<u>\$73,064.37</u>
Fund 620 Economic Development Authority				
Economic Development	General Notices and Pub Info	FILLMORE COUNTY JOURNAL	Public Hearing Notice modifying City Limits	\$218.31
Economic Development	Legal Fees	NETHERCUT SCHIEBER ATTORNEYS	legal fees for Feb	\$75.00

CITY OF HARMONY
City Council Claims for Review

03/05/21 1:01 PM

Page 6

March 10, 2021

Fund Descr	Object of Expense	Vendor	Comments	Amount
Economic Development	Planning & Development Fees	FILLMORE COUNTY RECORDER	Recording fee of the Dairyland developme	\$46.00
Economic Development	Telephone	HARMONY TELEPHONE COMPANY	monthly phone service EDA	\$47.23
Fund 620 Economic Development Authority				\$386.54
				\$170,473.32

ADMINISTRATOR'S REPORT

For the Period February 2020 to March 9th 2021

ADMINISTRATION

Attended EDA, Monthly meeting.

Working on and Completed Utility reports for federal government and state government for water and electric.

Met with staff and consultants to be briefed on projects, current matters, and on-going tasks within Harmony.

Working with citizens to resolve issues that have come up with assessments and how to pay the assessments.

Continue work on wellhead protections and water permits

Various talks to MPCA about the new chlorine restrictions looking to get an extension and variance.

On going work on the Splash pad project.

Completed February payroll with help from staff

Various meetings such as insurance, Wellhead protection meetings.

Staff getting documents ready for annual audit.

Devin Swanberg

From: Curt Horn <chorn@metrosales.com>
Sent: Thursday, February 25, 2021 2:54 PM
To: administrator@harmony.mn.us
Subject: New Ricoh copier quote
Attachments: Ricoh IM C2500.pdf; IM_C2000_C2500_Spec_Sheet.pdf

Hello Devin,

Attached is a proposal for a new Ricoh copier for the City office. This pricing is using the State of MN Contract pricing. I included the options that you would like on the new system. The State contract offers a Purchase price OR Rental option, so I included both for you. As, I mentioned, many city offices like.

I also included a spec sheet for the new system as well. Please let me know if you should have any questions. Also below shows your last four quarterly invoices from your current copier, compared to what you would spend with this new system. You can see you would save about \$600 per year in service costs.

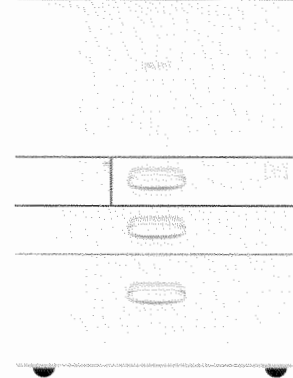
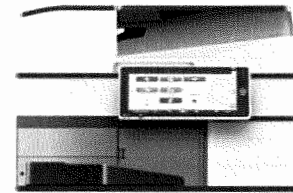
Please let me know your thoughts. Thank you,

Invoice Date	# of Copies	Current Copier Cost	New Proposed Copier Cost	Savings
12/13/2020	11,593 BW 2,597 CLR	\$441.34	\$284.06	\$157.28
9/17/2020	9,989 BW 1,328 CLR	\$311.22	\$164.14	\$147.08
6/17/2020	9,386 BW 1,091 CLR	\$301.21	\$137.79	\$163.42
3/17/2020	10,801 BW 2,085 CLR	\$369.10	\$235.47	\$133.63
Total Annual Savings of \$601.41 in Maintenance Agreement Costs				

Below are some additional benefits the new upgraded machine provides:

NEW! Ricoh IM C2500 Color Copy/Print/Scan

- 25 Page per minute Black & White or Color
- Network Printing
- Scan to email or folder in full color
- Wireless Network Connection
- Document Server: print stored bulletins right from copier!
- Warm up time of less than 21 seconds
- 5.1 seconds B&W 1st copy out time
- 7.4 seconds Color 1st copy out time
- 100 sheet Automatic Single Pass Document Feeder
- Tray 1: 8 ½ X 11 (550 Sheets)
- Tray 2: user adjustable up to 12X18 (550 Sheets)
- System Cabinet
- Bypass Tray: Up to 12 X 48 (100 Sheets)
- Thick media support up to 300 gsm (Bypass)
- Envelope printing out of Tray 2 or Bypass
- Large paper sizes (12X18, 11X17, and Banners at 12X48)
- System Cabinet
- Touch screen control panel
 - Allows for 1-touch programming for common jobs
- Easy web interface to monitor the device from your computer
 - Check meters, toner levels, address book management and more
- Store up to 3,000 documents on the embedded document server on the device
- USB/SD Card Option: print from or scan to from control panel
- Includes delivery, installation, support and unlimited training for the new Ricoh MFP
- **BRAND NEW PRODUCT LAUNCHED 2/4/2019**



DIMENSIONS

W x D x H (inches): 23.10 x 27.00 x 45.60

Options: State of Minnesota Contract

	<u>Purchase</u>	<u>60-month Rental</u>
New Ricoh IM C2500 Color:	\$4,658	\$102.39 / month
(includes mainframe, system cabinet, Wireless, delivery, installation, training, and free disposal of old system)		

Maintenance Agreement Option (State of MN Base 2 option):

- On-Site Parts, Labor, and Toner
- No Shipping charges for toner/supplies
- \$44 per quarter (includes 3,000 BW per Quarter)
- BW over 12,000 Quarterly at \$.0115 / All Color billed quarterly at \$.0819
- Single Click for 11X17 sizes!

CITY OF HARMONY, MINNESOTA

BUSINESS SUBSIDY HEARING FOR DAIRYLAND POWER

March 9, 2021

DAIRYLAND POWER

- Dairyland Power agrees to construct its facility, with a minimum taxable valuation of \$2 million, by June 2022.
- Dairyland Power agrees to create 4 FTEs within two years of project completion with an average hourly wage of \$44.92.
- Dairyland Power agrees that all employees, for the duration of the contract, shall earn at least 160% of the Federal Minimum Wage (currently this equates to \$18.56 per hour).
- Dairyland Power agrees to stay in business at the site for a minimum of five years from project completion.
- Should Dairyland Power fail to meet any of the job creation/wage goals and/or the minimum five-year operational requirement, they agree to repay any assistance received plus interest (again, prorated to the extent goals are met).
- Once the project is completed, Dairyland Power agrees to pay the City of Harmony \$315,000 for a share of the costs to extend public utilities to the site (grant dollars and/or local dollars will make up the difference).
- Once the project is completed, Dairyland Power agrees to submit copies of paid invoices for private site improvements and/or land acquisition expenses totaling at least \$315,000 to the City.

CITY OF HARMONY

- City agrees to front the costs to install necessary public utilities to serve the site. The City will carry this cost (less grant money received) until the project completion at which time they will receive \$315,000 from the company as noted above.
- At that same time, the City agrees to cut Dairyland Power a check for \$315,000 as reimbursement for private activity costs as evidenced by invoices. This is basically a cost-swap to comply with TIF rules (TIF must be spent on activity INSIDE the District, so the City reimburses the company for private costs inside the District, and the Company pays the City for public costs outside the District). This subsidy will be supported by the issuance of two taxable general obligation tax increment notes, one with Mi Energy (since they offer 0% interest) and the balance from a bank placement.

ESTIMATE OF SUBSIDY

TIF Benefit \$315,000

Net Public Infrastructure Benefit from Grants \$285,000

Business Subsidy Agreement

This Business Subsidy Agreement (the "Agreement") is dated as of March 9, 2021 and is between the City of Harmony, Minnesota (the "City"), a Minnesota municipal corporation, and Dairyland Power Cooperative (the "Business"), a Wisconsin non-stock cooperative association.

1. Pursuant to the terms of a Development Agreement dated March 9, 2021, by and between the City and the Business, the City will provide assistance to the Business in the form of a business subsidy under Minnesota Statutes, as amended (the "Subsidy Law").
2. Description of the Subsidy. The City will provide upfront tax increment financing through the establishment of an economic development district to assist the Business with project site acquisition, soils stabilization, site grading and development, infrastructure, and other related project expenses (the "subsidy"). The estimated fair market value of the subsidy is \$630,000 based on the value of acquisition, soils stabilization, site grading and development, extension of public utilities to the site, and other related development costs provided at the City's expense to the Business. The City shall reimburse itself for such expenditures, to the extent possible, through the establishment of an economic development tax increment financing district and the Greater Minnesota Business Development Public Infrastructure grant program.
3. Benefit Date. The "Benefit Date" of the subsidy will be the date the facility opens for business.
4. Public Purpose. The public purposes of the subsidy are to promote the highest and best use of land consistent with the City's comprehensive plan, further development of the economic base of the community, job creation, and to increase the City's tax base.
5. Goals. The goals of the subsidy are to construct a warehousing facility of approximately 23,000 square feet (the "Facility") and create 4 full-time equivalent jobs for the Facility at an average cash wage of \$44.92 per hour within two years of the Benefit Date.
6. Necessity. The subsidy is needed in order to induce the Business to locate its operations in the City and create jobs.
7. Commitment. The Business will commit to remain in operations within the City in accordance with the Subsidy Law. The Business will continue to operate its Facility in the City until at least the termination of the Development Agreement, or five years from the Benefit Date, whichever is longer. The Business will not pay any of the employees of the facility at a rate less than the higher of the Federal Minimum Wage or the State of Minnesota Minimum Wage.
8. Events of Default; Financial Obligations. The City and the Business agree that a material default by the Business under this Agreement shall be a default under the Development Agreement to the same extent as though expressly stated therein and shall entitle the City to exercise any and all remedies the City may have upon such default under the terms of the Development Agreement, including without limitation applicable financial remedies/obligations.

In addition, as required by the Subsidy Law, if the Business is in default under this Agreement, subject to any remedial provisions of the Subsidy Law as may be applicable, the Business shall be obligated to repay all of the assistance plus interest at the rate of the implicit price deflator for government consumption expenditures and gross investment for state and local governments, as prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year, with (in order to avoid over-repayment) pro-rata credit against such repayment liability for any partial achievement of the goals set herein.

9. Representations and Warranties of the Business. The Business has no parent corporations. The Business is not in default on the date hereof on any subsidy agreement entered into under the Subsidy Law.
10. Representations and Warranties of the City. The City has received the necessary approval from its elected City Council required by the Subsidy Law and therefore has the authority to enter into this agreement. The City has also checked the most recent Compilation and Summary Report published by the Minnesota Department of Employment and Economic Development in compliance with the Subsidy Law to determine the Business is eligible to receive a business subsidy.
11. List of All Financial Assistance. The following is an exclusive list of all of the State of Minnesota and local government agency financial assistance to the Facility:

City of Harmony	\$630,000
Grantor	Value (\$)

The Business has received no other financial assistance from any state and local government agencies for the Facility other than the subsidy listed above.

12. Reporting Requirements. As it relates to the job and wage goals stated herein, the Business shall complete and file a job and wage report with the City by March 1st of each year, until the subsidy goals are met. The Subsidy Law provides that if the Business does not make such reports, when due, the City must mail the Business a warning within one week of the required filing date, and if, after 14 days after the postmark date of that warning, the Business continues to fail to report, then the Business is required to and shall pay the City a penalty of \$100 for each subsequent day until the report is filed, up to a maximum of \$1,000. The Business shall file these reports with the City, in care of its Economic Development Authority, (1) on March 1 of each year, beginning with the March 1 immediately following the Benefit Date, and (2) within 30 days after the "Compliance Date," hereby defined to be the date which is two years after the Benefit Date. Each March 1 report shall report on the prior calendar year, and each other report shall report on the period since the last reporting period. In addition, the Business agrees to provide the City with any additional information which may be required for the City to comply with its reporting requirements, as they may exist or be amended from time to time, under the Subsidy Law.

13. Governing Law. In the event that any provision of this Agreement is inconsistent or in conflict with any provision of the Subsidy Law, and in the event that any provision of the Subsidy Law provides additional requirements, the provisions of the Subsidy Law shall apply and govern.
14. The Development Agreement. Nothing in this Agreement is intended to limit the terms of the Development Agreement. To the extent that provisions herein are more extensive or restrictive than any related term in the Development Agreement and to the extent said terms herein are required by the Subsidy Law, the provisions hereof shall govern.

IN WITNESS WHEREOF, the City of Harmony and Dairyland Power Cooperative have duly executed this Agreement by their duly authorized representatives.

CITY OF HARMONY

By: _____
Mayor Date

Attest: _____
City Administrator Date

DAIRYLAND POWER COOPERATIVE

By: _____
Manager, Date
Real Estate and Right of Way

DRAFT

City of Harmony, Minnesota (Fillmore County)

Modification of Development Program for
Municipal Development District No. 1

&

Tax Increment Financing Plan for
**Economic Development
Tax Increment Financing District No. 1 – 7**
(Dairyland Power Project)

Public Hearing: March 9, 2021



DDA

David Drown Associates, Inc.
Public Finance Advisors

Minneapolis Office:
5029 Upton Avenue South
Minneapolis, MN 55410
612-920-3320 (phone); 612-605-2375 (fax)
www.daviddrown.com

TABLE OF CONTENTS

Modified Development Program for Municipal Development District No. 1

Introduction.....	2
Section C - Property Description	2

TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1-7

Section 1	Definitions.....	3
Section 2	Statement of Need and Public Purpose	3
Section 3	Statutory Authorization	3
Section 4	Statement of Objectives	3
Section 5	Development Activities for which the City has Designated a Developer	3
Section 6	Property to be Included in the TIF District	4
Section 7	Estimated Sources and Uses of Funds (Public Costs).....	4
Section 8	Estimated Impact on Other Taxing Jurisdictions.....	5
Section 9	Fiscal and economic implications	5
Section 10	Property to be acquired in the TIF District / Requirement for Agreements.....	5
Section 11	Estimated Amount of Bonded Indebtedness	5
Section 12	Designation of TIF District as an Economic Development District.....	5
Section 13	Original Net Tax Capacity	6
Section 14	Original Local Tax Rate	6
Section 15	Projected Retained Captured Net Tax Capacity and Tax Increment	7
Section 16	Statutory Duration of the TIF District.....	7
Section 17	Use of Tax Increments – Economic Development Districts	7
Section 18	Use of Tax Increments – General.....	7
Section 19	“Green Acres”.....	8
Section 20	4-Year Knock-Down Rule.....	8
Section 21	Tax Increment Pooling – 5-year Rule.....	9
Section 22	Excess Tax Increment.....	9
Section 23	Limitation on Administrative Expenses.....	9
Section 24	Prior Planned Improvements	10
Section 25	Development Agreements	10
Section 26	Business Subsidy Laws.....	10
Section 27	Assessment Agreements	11
Section 28	Modifications of the Tax Increment Financing Plan.....	11
Section 29	Administration of the Tax Increment Financing Plan	11
Section 30	Financial Reporting and Disclosure Requirements	12
Section 31	Findings and Need for Tax Increment Financing.....	13

Exhibits	15
-----------------------	-----------

Modified Development Program for Municipal Development District No. 1

Amended Sections Only

Introduction

On June 1, 1985, the City of Harmony (the "City") adopted the original Development Program for Municipal Development District No. 1 ("MDD #1"). The boundaries of MDD #1 are currently coterminous with the City's corporate limits. However, the City recently annexed a parcel of land (PIN 15.0620.000). The City has determined it is in the public interest to expand the boundaries of MDD #1 to include this newly annexed land (and any other recently annexed property) to further allow the pursuit of the objectives listed in Section F of the Development Program. While all of the listed objectives will be pursued, the catalyst for this modification is to provide assistance for industrial development to improve the financial base of the City and State and to provide new employment opportunities.

Sections of the Development Program are amended as follows:

Section C Property Description

The property within the City that constitutes Municipal Development District No. 1 is hereby expanded to include all property within the City's corporate limits (Fillmore County), including the aforementioned tax parcel, as may be amended from time to time.

The City reserves the right to adjust the boundaries of the Development District in the future.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-7

Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of Harmony, Minnesota.

"City Council" means the City Council of the City of Harmony, Minnesota.

"County" means Fillmore County, Minnesota.

"County Board" means the Board of Commissioners of Fillmore County.

"Developer" means Dairyland Power Cooperative, its successors and assigns, and any other Developer within the boundaries of the Tax Increment Financing District No. 1-7.

"Development District" means Municipal Development District No. 1 in the City.

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

"Project" means the construction of manufacturing / industrial / distribution facilities, associated site improvements and any required associated public improvements necessary to serve said facilities within or directly adjacent to Tax Increment Financing District No. 1-7.

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

"School District" means Independent School District No. 2198 (Fillmore Central Public Schools), Fillmore County, Minnesota.

"State" means the State of Minnesota.

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

"TIF District" means Tax Increment Financing District No. 1-7.

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

Section 2 Statement of Need and Public Purpose

See Section A of the Development Program for Development District No. 1 which is on file at the City Administrator's office at City Hall in Harmony.

Section 3 Statutory Authorization

The City is empowered under the provisions of the TIF Act to establish a tax increment financing district within its corporate boundaries, subject to the requirements set forth in the TIF Act.

Section 4 Statement of Objectives

The objectives of this tax increment financing plan are consistent with the objectives outlined in Section F of the Development Program.

Section 5 Development Activities for which the City has Designated a Developer

The Developer of the initial phase intends to construct an industrial warehousing facility (by year end 2022) with an estimated taxable value of over \$2 million on approximately 10 acres of land recently annexed into the City (see Exhibit 1). However, the cost of land acquisition coupled with needed public improvements to serve the site makes the project infeasible as documented by the company. As such, the Developer has requested tax increment financing assistance to write down these costs.

The Developer will directly pay the City for a portion of the required public improvements located outside of the TIF District. In return, the City intends to reimburse the Developer a like amount for private land acquisition and site improvement costs via the issuance of bonds supported by future tax increment revenues.

Section 6 Property to be Included in the TIF District

The TIF District will be comprised of a single tax parcel (listed below). Additional details can be found on Exhibit 2.

15.0620.000

** This parcel was recently annexed into the City's municipal boundaries and the entirety of this parcel is to be included in the TIF District.*

The boundaries of the TIF District shall include all street rights-of-way and utility or drainage easements located upon or adjacent to the land described above.

Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District which are eligible for reimbursement with tax increments of the TIF District and the projected sources of revenue available to fund these costs are summarized below.

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

<u>Project / Capital Costs:</u>	
Land Acquisition	135,000
Site Improvements	<u>295,010</u>
	\$430,010
<u>Finance Costs:</u>	
Bond & Note Interest Expense	\$111,310
<u>Administrative Costs</u>	
Administration funded with TIF	<u>\$60,147</u>
Total Uses of Funds	\$601,467

Estimated Tax Increment Revenues

Tax Increments	601,467
Investment Interest	0
Sales/Lease Proceeds	0
Market Value Homestead Credit	<u>0</u>
Total Sources of Funds	\$601,467

Maximum Amount of Bonds Authorized

\$490,157

The City reserves the right to adjust the amount of Capital and Administrative line items listed above or to incorporate additional eligible items, so long as the total Capital and Administrative costs are not increased (\$490,157). Increasing financing costs, principal or interest, will require a public hearing and formal TIF Plan modification process pursuant to Section 469.175 Subd. 4 of the TIF Act. The City also reserves the right to fund any of the identified costs with any other legally available revenues, but anticipates that such costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs and financing costs (interest) is \$601,467.

Section 8 Estimated Impact on Other Taxing Jurisdictions

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

Section 9 Fiscal and economic implications

Section 469.175 Subdivision 2(b) of the TIF Act requires a specific description of the fiscal and economic implications of the proposed TIF District. Please refer to Exhibit 4 for an estimate of the captured tax increments by jurisdiction. The probable impact of the TIF District on City-provided services such as police and fire protection, and the impact of any general obligation tax increment bonds attributable to the TIF District upon the City's ability to issue other debt for general fund purposes are deemed minimal due to the fact that the Project is located nearby already-developed areas of the City and are already being served currently by these services. Due to this, it is the City's opinion that there will be no adverse impact on the City's current budget.

The City intends to assist the Developers using interfund loans and/or bonds to reimburse land acquisition and site improvement expenses associated with the initial development in the TIF District. In turn, the Developers will pay a similar amount to extend public utilities to the site. The type of assistance contemplated in this TIF Plan does not apply to the City's legal debt limit and is expected to be repaid solely with tax increments generated by the Project. As such, this TIF District is not expected to have an adverse impact on the City's current bond credit rating or capacity to borrow for future projects. In fact, new development typically is a positive influence on a City's credit rating.

Section 10 Property to be acquired in the TIF District / Requirement for Agreements

The City does not intend to directly acquire any parcels using tax increments. The City intends only to use tax increments to reimburse developers for such costs in addition to site improvement expenses incurred by developers in the TIF District.

Section 11 Estimated Amount of Bonded Indebtedness

The City reserves the right to fund all Project costs permitted by law using internal funding, general obligation bonds, pay-as-you-go financing or any other financing mechanism authorized by law if deemed necessary. The maximum principal amount of bonds to be funded with tax increment revenue from the TIF District is \$490,157.

Internal Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan before money is transferred, advanced or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the principal amount of the loan, the interest rate and the maximum term. The interest rate to be charged on internal loans shall not exceed the greater of the rates specified under Minnesota Statutes, Section 270C.40 or 549.09 as of the date this TIF Plan is approved, which is currently 4%.

Section 12 Designation of TIF District as an Economic Development District

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

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

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Sections 5 and 17) will increase the local tax base and expand employment opportunities within the City. Without establishment of the TIF District, the proposed development would not occur within the City. This finding is supported by documentation submitted by the Developer stating that but for the use of tax increment financing the Project would not proceed.

Section 13 Original Net Tax Capacity

The County Auditor will certify the original net tax capacity of the TIF District, which will be the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The City intends to file the request for certification after July 1, 2021. As such, the original tax capacity will be the net tax capacity as of January 2, 2021 (assessed value for taxes payable 2022).

The market value of all property within the TIF District as of January 2, 2020 for taxes payable in 2021 is estimated at \$93,100. At this value, the original net tax capacity of the TIF District would be \$1,397 (see Exhibit 2).

Each year the County Auditor will certify the amount that the original net tax capacity has increased or decreased as a result of:

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

Section 14 Original Local Tax Rate

The County Auditor shall also certify the original local tax rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District at the time of certification. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original local tax rate of the TIF District.

As noted in Section 13, the City intends to file the TIF District for certification after July 1, 2021; therefore, the original local tax rate will be the rate that applies for taxes payable in 2022, which is unknown at this time. The proposed rates associated with taxes payable in 2021 are included for estimation purposes only:

<u>Taxing Jurisdiction</u>	<u>2020/2021 Local Tax Rate</u>
City of Harmony	105.895%
Fillmore County	32.614%
Independent School District No. 2198*	7.242%
Other	<u>0.000%</u>
Total	145.751%

The projected original local tax rate does not include the State property tax rate on commercial, industrial and seasonal recreation property, which is estimated to be 35.978% for 2021. The State property tax is *not* captured as tax increment.

** Section 469.177 Subd. 1a of the TIF Act was amended in 2013 redefining the portion of the local school district tax capacity rate which will be used in calculating tax increments. Specifically, this amendment now excludes that portion of the school rate attributable to the general education levy under Minnesota Statutes, Section 126C.13. The rate shown is only an estimate of the applicable rate.*

Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor will determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District.

Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

Section 16 Statutory Duration of the TIF District

Economic development districts may remain in existence for eight years from the date of receipt of the first tax increment. This produces nine (9) annual collections of tax increments. Modifications of this TIF Plan (see Section 28) may not extend these limitations unless the City elects under certain circumstances to extend the duration of TIF District in order to recover eligible pollution cleanup costs incurred by the City (see Section 469.176, Subd. 1g of the TIF Act for details).

The City intends to request certification of this TIF District after July 1st, 2021. As such, the City expects 2023 to be the first year of collection of tax increment revenues. The City expects this TIF District to remain in existence the maximum duration allowed by law. Therefore, the expected date of required decertification is December 31st, 2031.

Section 17 Use of Tax Increments – Economic Development Districts

Pursuant to Section 469.176 Subd. 4 of the TIF Act, tax increments from an economic development district typically must be used solely to provide improvements, loans, subsidies, grants, interest rate subsidies, or other assistance in which at least 85% of the square footage of the facilities to be constructed are used for any of the following purposes:

1. manufacturing, production, or processing of tangible personal property;
2. warehousing, storage and distribution of tangible personal property, excluding retail sales;
3. research and development related to the activities listed in (1) or (2) above;
4. telemarketing if that activity is the exclusive use of the property;
5. tourism facilities as defined in Section 469.174, Subdivision 22 of the TIF Act; or
6. space necessary for and related to the activities listed in (1) through (5) above.

This TIF District satisfies the requirements for an economic development TIF District. See Section 5.

Section 18 Use of Tax Increments – General

Each year County Treasurer shall deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State general fund. Such amounts will be appropriated to the State auditor for the cost of financial reporting and auditing of tax increment financing information throughout the State. Exhibit 3 shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. Pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 29);
2. pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;
3. accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;
4. pay all or a portion of the County road costs as may be required by the County Board under Section 469.175, Subdivision 1a of the TIF Act; or
5. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless the county board involved waives this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment may not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or Federal government. Further, tax increments may not be used to finance: a commons area used as a public park; facilities used for social or recreational purposes (whether public or private); or publicly-owned facilities used for conference purposes; provided that tax increment may be used for a privately owned conference facility, and for parking structures whether public or privately owned and whether or not they are ancillary to one of the otherwise prohibited uses described above.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section 19 “Green Acres”

The TIF District may not include parcels that qualified as “green acres” in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to Qualified Facilities which pay at least 90% of employees wages equal to or greater than 160% of the federal minimum wage.

All land located within this TIF District was enrolled in the Green Acres program (see M.S. 273.111) until taxes payable year 2021, which is within five years of the anticipated certification request date. As such, development is restricted to the uses described above for the duration of the TIF District.

Section 20 4-Year Knock-Down Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City 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 City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity

of the TIF District.

Section 21 Tax Increment Pooling – 5-year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

1. actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
2. used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
3. used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The City does not anticipate the need to pool tax increment revenues between this TIF District and other existing or future TIF districts within Development District No. 1.

Section 22 Excess Tax Increment

On December 31st of each year, the City must determine the amount of excess increments for the TIF District. See Section 469.176 subdivision 2 of the TIF Act for a complete definition. Excess increments may only be used to:

1. prepay any outstanding tax increment bonds;
2. discharge the pledge of tax increments on any outstanding bonds.
3. pay amounts into an escrow account dedicated to the payment of any outstanding bonds; or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Allocation of excess increments must be completed by September 30th in the year following the year in which excess increments were generated.

Section 23 Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the City other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;

3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.
5. amounts used to make payments on other financial obligations used to finance costs outlined above.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. For TIF Districts with certification request dates after July 31, 2001 tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF plan or (b) 10% of the total tax increments received by the TIF District. However, tax increments used to pay County expenses pursuant to Section 469.176, Subd. 3(d) of the TIF Act are not subject to these percentage limits.

The City intends to retain the full 10% of tax increment collected allowed by law to pay its expenses related to administering the TIF District. See Exhibit 3.

Section 24 Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

The City has issued no building permits for properties within the TIF District during the past 18 months.

Section 25 Development Agreements

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

The City does not intend to acquire any land within the TIF District with tax increments. See Section 10.

Section 26 Business Subsidy Laws

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

For financial assistance of \$25,000-149,999, the City must complete the following:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Complete a Financial Assistance / Business Subsidy Report annually.

For a business subsidy of \$150,000 or more, the City must conduct a public hearing on the subsidy after providing at least 10 days' published notice in the official newspaper of the City, and additionally:

3. Enter into a subsidy agreement which must include the following information and requirements:
 - a. A description of the subsidy.
 - b. A statement of the public purpose and goals of the subsidy.
 - c. Wage and job creation goals (or job retention goals, if job loss is imminent and demonstrable) to be achieved within 2 years of receiving the subsidy;

- d. A description of the recipient's financial obligation if the goals are not met. The recipient must pay back the assistance with interest if goals are not met, although pro-rata to reflect partial fulfillment of goals is permitted.
- e. A statement of why the subsidy is needed.
- f. A commitment from the recipient to continue operations at the site for at least 5 years;
- g. The name and address of the parent company of the recipient;
- h. A list of all other financial assistance to the project; and
- i. A requirement for the recipient to provide the City and the Department of Employment and Economic Development with annual information regarding goals for two years after receiving the subsidy or until the goals are achieved. The reports must be filed by March 1 for the prior year.

The amount of assistance contemplated in this plan is expected to exceed \$150,000. As such, a business subsidy public hearing is required and will be held on March 9, 2021.

Section 27 Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the Developer or any other person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

The City will require a minimum assessment valuation of \$2 million for the Project.

Section 28 Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and
2. the current net tax capacity of the parcels eliminated equals or exceeds the original net tax capacity of those parcels, or the City 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 City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section 29 Administration of the Tax Increment Financing Plan

After adoption of the TIF Plan, the City shall submit a copy of such plan to the State Auditor's Office. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF

District. To assist the County Auditor in this process, the City 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. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas.

In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

Each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:

1. the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
2. the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
3. if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section 30 Financial Reporting and Disclosure Requirements

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

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

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

2. Prepare an Annual Report. (Section 469.175, Subds. 5 and 6 of the TIF Act) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the City's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the County board, the County auditor, and the School board.
3. Prepare a Minnesota Business Assistance Form. (Minnesota Statutes, Section 116J.994) By April 1, the City must submit a report to the Department of Employment and Economic Development:
 - a. "Financial Assistance" Report for assistance greater than \$25,000 but less than \$150,000.
 - b. A "JOBZ Business Subsidy Form" or "Non-JOBZ Business Subsidy" for assistance of \$150,000 or greater to report on wage and job goals and progress made in achieving them. A reporting form is provided by the Department, and must be submitted for each business which has received tax increment assistance.

Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

1. The TIF District qualifies as an economic development district;

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section 5) meets all of the criteria listed in Sections 12, 17 and 18 above.

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

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

The City has further determined that no other development is expected to occur that would create a greater market value than that proposed, adjusting for the present value of tax increment assistance. Any other development of the TIF District would have to create a market value increase of more than \$1,837,311 in order to exceed the value increase expected under the current proposal, after subtracting the present value of the tax increment for 9 years (See Market Value Analysis, Exhibit 5). Due to the number of years the property has existed in its current state, the City reasonably believes that the expected increase in market value without TIF assistance is limited to appreciation in existing real estate value, estimated to be approximately \$10,241 over the life of the TIF District.

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

- a. *The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$10,241 (for the reasons described above).*
- b. *If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately \$2,315,000. The increase in market value would be due primarily to new construction within the TIF District. (See Exhibit 3)*

- c. *The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to \$477,789 (See Exhibit 5)*
 - d. *Even if some development other than the proposed development were to occur, the City Council finds that no alternative would occur that would produce a market value increase greater than \$1,837,311 (the amount in clause b less the amount in clause c) without tax increment assistance.*
3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.
- The reasons and facts supporting this finding are that the development proposal is found by the City Council, who acts as the City's Planning Commission, to be consistent with the City's zoning ordinances and comprehensive plans for the area and serves to promote the City's development objectives.*
4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

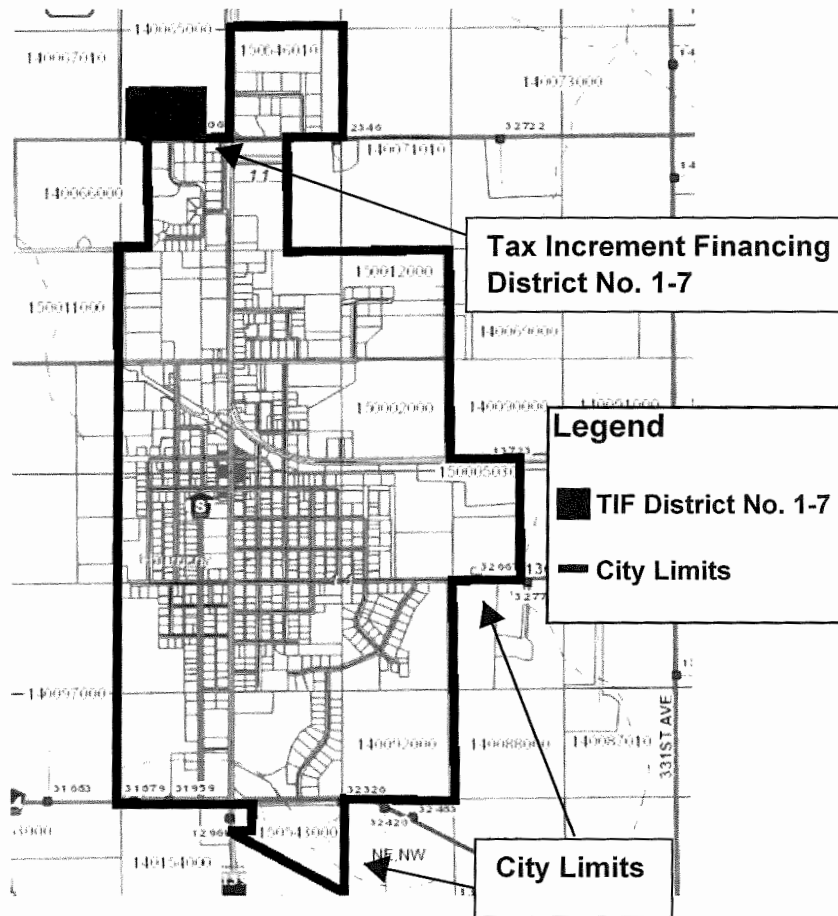
The reasons and facts supporting this finding are that the assistance provided in this TIF Plan will assist in the construction and/or expansion of manufacturing & warehousing / distribution facilities.

Exhibits

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

City of Harmony, Minnesota

Tax Increment Financing District No. 1-7



The modified boundaries of Municipal Development District No. 1 are coterminous with City Limits

City of Harmony, Minnesota

Economic Development Tax Increment Financing District No. 1-7

Dairyland Power Project

PARCELS AND VALUATIONS

#	PIN #	<i>Valuations (Pay 2021)</i>			
		Land	Building	Total M.V.	Est. T.C.
1	15.0620.000	93,100	-	93,100	1,397
		93,100	-	93,100	1,397

* This is a newly assigned parcel number since the land was annexed into Harmony in January of 2021.

The entirety of this parcel will be included in the TIF District.

:t

S

Increases

	Market	Tax Capacity
	93,100	1,397
at Value	2,408,200	47,414
ull Development	2,315,100	46,018

Tax Rate Assumptions:

	2020/2021 Tax Rate	Applicable Tax Rate*
City	105.895%	105.895%
County	32.614%	32.614%
School	12.317%	7.242%
Other	0.000%	0.000%
State	35.978%	0.000%
	186.80%	145.751%

t

	Projected Tax Capacity*	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate	Gross Tax Increment
	1,397	-	-	-		
	1,397	-	-	-	145.75%	-
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071
	47,414	46,018	-	46,018	145.75%	67,071

Adjustments

10.00% Admin. Retainage	0.36% State Auditor's Deduction	Other additions & (subtractions)
-	-	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
6,683	241	-
60,147	2,173	-

603,640

Present Value @ 4%

not collected as tax increments and therefore are not calculated in the projections. Rates shown are estimates only and subject to change. See Section 14.
is an estimate of the rate with general revenue items removed from the levy.

airyland Power Project

STATEMENT OF FISCAL AND ECONOMIC IMPACTS

ULL DEVELOPMENT

Taxing Jurisdiction	Without TIF District		With TIF District					
	2021 Taxable Net Tax Capacity ⁽¹⁾	2020/2021 Local Tax Rate	2021 Taxable Net Tax Capacity ⁽¹⁾	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate
City of Harmony, Minnesota	783,972	105.895%	783,972	46,018	48,730	829,990	100.024%	5.871%
Illmore County	34,590,175	32.614%	34,590,175	46,018	15,008	34,636,193	32.571%	0.043%
SD #2198	8,588,775	12.317%	8,588,775	46,018	5,668	8,634,793	12.251%	0.066%
Other ⁽²⁾		--	--	46,018	--	--	--	--
Totals		<u>150.826%</u>			<u>69,406</u>		<u>144.846%</u>	<u>5.980%</u>

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically immediately available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

Statement #3: The estimated amount of tax increment (gross increment less State Auditor's deduction) generated over the life of the TIF District is estimated to be \$601,467.

Statement #4: A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated \$438,572 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

Statement #5: The estimated amount of increment attributed to the school districts' tax levies and captured as a result of the creation of this TIF District is \$29,994 for School District 2198.

Statement #6: The estimated amount of increment attributed to the county tax levy and captured as a result of the creation of this TIF district is \$135,073.

Statement #7: The final Original Net Tax Capacity and Local Tax Rate of the TIF District will be based upon data for taxes payable 2022 as the Authority intends to request certification of the TIF District after July 1, 2021.

City of Harmony, Minnesota

Economic Development Tax Increment Financing District No. 1-7 Dairyland Power Project

MARKET VALUE ANALYSIS

Increased Market Value of Site	2,315,100
Less Present Value of TIF Revenues	<u>477,789</u>
	1,837,311
Reasonably expected increase w/out TIF*	<u>10,241</u>
Net Value Increase	1,827,070

Present Value Calculation

Calculation Date	12/31/2021
Present Value Factor	4.00%

#	Year	Gross Tax Increment	Present Value
0	2021	-	-
1	2022	-	-
2	2023	66,830	61,788
3	2024	66,830	59,411
4	2025	66,830	57,126
5	2026	66,830	54,929
6	2027	66,830	52,816
7	2028	66,830	50,785
8	2029	66,830	48,832
9	2030	66,830	46,954
10	2031	66,830	45,148
		<u>601,467</u>	<u>477,789</u>

* Without the use of TIF, increase in market value is assumed to be inflationary only on existing parcels, calculated at 1% per year.

**DEVELOPMENT AGREEMENT
TAX INCREMENT FINANCING
DAIRYLAND POWER COOPERATIVE DEVELOPMENT PROJECT**

This Agreement dated this 9th day of March, 2021, by and between the City of Harmony ("City"), a municipal corporation and Dairyland Power Cooperative, a Wisconsin non-stock cooperative association ("Developer") regarding the development of the property legally described in the attached Exhibit A.

WHEREAS, Developer proposes to develop the property legally described in Exhibit A under the sole ownership of Developer, utilizing tax increment financing assistance from City; and

WHEREAS, City, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the "TIF Act") has adopted a program to encourage development and job growth; and

WHEREAS, on March 9, 2021, the City Council of the City of Harmony adopted a resolution approving the establishment of Tax Increment Financing District No. 1-7, within Municipal Development District No. 1, to allow for the development of the site; and

WHEREAS, said resolution approved the Tax Increment Financing Plan relating thereto.

NOW THEREFORE BE IT AGREED by the above parties as follows:

Section 1. Definitions.

1. The following definitions shall apply in this Agreement, unless a different

meaning clearly appears from the context:

- a. "Agreement" means this Agreement, as may be modified from time to time, amended, or supplemented.
- b. "Authority" means the City Council of the City of Harmony.
- c. "Business Subsidy Agreement" shall mean the agreement between the City and Developer signed as of even date herewith.
- d. "Business Subsidy Law" shall mean the Sections 116J.993 to 116J.996
- e. "City" means the City of Harmony.
- f. "County" means Fillmore County, Minnesota.
- g. "Developer" means Dairyland Power Cooperative, or its permitted successors and assigns.
- h. "Development Property" means the real property described in Exhibit A of this Agreement.
- i. "Events of Default" means an action by the Developers listed in Section 5 of this Agreement, which is not cured within the time period permitted in this Agreement.
- j. "Project Area" means the geographic area of the City's Development District No. 1.
- k. "State" means the State of Minnesota.
- l. "Substantial Completion" means the date on which Developer first occupies the Development Property and commences business operations on the site.
- m. "Tax Increment" means that portion of the real property taxes which is paid with respect to the Development Property and remitted to the City by Fillmore County as tax increment pursuant to the Tax Increment Act or Minnesota State Statutes, Section 469.174 to 469.1794, as amended.
- n. "Tax Increment District" or "TIF District" means the City's Tax Increment District No. 1-7.
- o. "Tax Increment Plan" or "TIF Plan" means the Tax Increment Financing Plan for Tax Increment District No. 1-7, as adopted March 9, 2021 and as amended.
- p. "Tax Official" means any County assessor; County auditor; County or State board of equalization, the commissioner of the Department of Revenue of the State or any State or federal district court, the tax court of the State or the State Supreme Court.

Section 2. Representations and Warranties.

- 1. City represents and warrants that:
 - a. City is a statutory City organized under the laws of the State.
 - b. The activities of City are for the purpose of encouraging development of the project area, which is currently underutilized, and for promoting economic development and job opportunities.
 - c. The Tax Increment District is an economic development district.

- d. City, to the best of its knowledge, represents and agrees that no member, official, or employee of City shall have any personal interest, direct or indirect, in the Agreement, nor shall such member, official or employee participate in decision making relating to the Agreement which affects his/her personal interests. No member shall be personally liable to Developer, or successors, in the event of any default or breach by City for any amount, which may become due to Developer or its successor or on any obligations under the terms of this Agreement.
 - e. City complied with all applicable law in creating, noticing, and approving its TIF Plan and its Business Subsidy Agreement.
 - f. City's TIF Plan complies with the Minnesota TIF Act and all other applicable law.
2. Developer represents and warrants that:
- a. Developer is in good standing under the laws of the State of Minnesota, and is not in violation of any laws of the State of Minnesota, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement.
 - b. Developer has not received notice or communication that the activities of Developer or City with respect to the development will be in violation of any environmental law or regulation.
 - c. The proposed development by Developer would not occur but for the tax increment financing assistance being provided by City.

Section 3. Agreements.

1. City agrees to the following:
- a. The City shall extend public infrastructure including water and sanitary sewer service to the South property line of the Development Property, subject to the Developer's obligations to pay the City as described in Section 3(2).
 - b. Upon receiving payment from the Developer as described in Section 3 (2) (c), the City shall pay the Developer for project site acquisition, soils stabilization, site grading and development, and other related project expenses in an amount equal to the payment received under Section 3 (2) (c).
 - c. The City shall, at City's sole expense, extend electrical service to the building meter.
 - d. The City shall establish a tax increment financing district (TIF) for the benefit of the project.
 - e. City shall cover all costs associated with establishing the TIF District and this Development Agreement.
 - f. The City shall approve a business subsidy agreement between the City and Developer.

- g. The City shall annex the Development Property into the City, where relevant, and properly zone the property as "Industrial."
 - h. The City shall make every effort to move forward with approvals and their obligations recited herein in a timely fashion.
 - i. The City shall inform the Developer within five business days of the City's receipt of a resident or property owner complaint regarding either the business subsidy agreement or the TIF Plan.
 - j. The City shall inform the Developer within five business days of the City's receipt of a notice from the County or State that the City is not in compliance with the TIF Act.
 - k. The City shall comply with all provisions of the TIF Act including disclosure and reporting requirements.
2. Developer agrees to the following:
- a. Unless a timely action challenging the TIF Plan, Business Subsidy Agreement, or the Development Agreement is filed, Developer shall build the proposed facility of approximately 23,000 square feet with the work to commence no later than December 31, 2021 and for work to be Substantially Completed by December 31, 2023. If a timely action challenging the TIF Plan, Business Subsidy Agreement, or the Development Agreement is filed, the Developer shall commence work on the facility within 365 days of the issuance of a final, non-appealable order affirming the TIF Plan, Business Subsidy Agreement, and Development Agreement. If such an action results in a final order or judgment affecting the City's ability to meet its obligations under this Agreement, the Developer shall not be obligated to construct unless and until the parties reach mutual agreement as to the terms of such construction and timeline for the same.
 - b. After Substantial Completion of improvements, the Development Property shall have a taxable value of at least \$2,000,000.00. Developer shall not challenge this minimum assessed taxable value of the Development Property with the State, County, or Tax Official before this Agreement expires.
 - c. Upon the Substantial Completion of an approximately 23,000 square foot warehouse facility located on the Development Property, the Developer shall pay the City \$315,000 for the extension of public infrastructure to the Development Property including water, sanitary sewer service, and engineering costs.
 - d. Developer shall extend water, sewer, and gas from the South property line of the Development Property to the building site at Developer's sole cost.
 - e. Developer shall abide by the Minnesota Business Subsidy Law and enter into a Business Subsidy Agreement with the City.
 - f. Notwithstanding the obligations stated in 3 (2) (e), the Developer shall pay 90 percent or more of the employees of the facility at a rate equal to or greater than 160 percent of the federal minimum wage for

individuals over the age of 20 for the duration of this Agreement. Developer will not pay any of the employees of the facility at a rate less than the higher of the Federal Minimum Wage or the State of Minnesota Minimum Wage.

- g. Developer shall apply for utility services with the City, once applicable, and pay the traditional application and utility connection fees as applicable. Those fees are presently as follows: Zoning Permit, \$200; Water Connection, \$300; Sewer Connection, \$500; and Electric Connection, \$500.
- h. Developer shall apply for any other applicable permits required to comply with local and State law with jurisdictions other than the City, at its own expense.
- i. Developer shall take no action that would disqualify the Project from the Tax Increment Plan, whether intentional or unintentional.

Section 4. Prohibitions Against Assignment and Transfer; Indemnification.

- 1. Developer represents and agrees that the execution of this Agreement is for the purpose of development of the property and not for speculative land holding.
- 2. In the event Developer transfers or assigns any interest in the Development property or any portion thereof prior to expiration of this Agreement, Developer shall immediately reimburse City the full estimated fair market value of the business subsidy as identified in the Business Subsidy Agreement. Notwithstanding the same, Developer may, without consent, assign its interest under this Agreement and its interest in the real property that is the subject of this Agreement as collateral under its secured lending agreements.
- 3. Indemnification: City and the governing body members, officers, agents and employees thereof shall not be liable for any damage or injury to persons or property of Developer or its agents or employees or any other person who may be on the Development Property. All agreement of City herein are agreements of City and not of any governing body member, officer, agent or employee of City in their individual capacity.

Section 5. Events of Default.

- 1. The following shall be considered "Events of Default" under this Agreement:
 - a. Failure to pay real estate taxes or assessments on the Development property or any part thereof within 90 days after the date due.
 - b. Developer challenging the assessed taxable value of the Development Property.
 - c. Filing of bankruptcy or admittance in writing by the Developer of its inability to pay real estate taxes as they become due.
 - d. Sale, transfer, or assignment of the Development Property by the Developer without prior written consent of City, notwithstanding the same, Developer may, without consent, assign its interest under this

- Agreement and its interest in the real property that is the subject of this Agreement as collateral under its secured lending agreements.
- e. Failure of Developer to meet one or more of Developer's obligations under Section 3(2).
 - f. Default under the Business Subsidy Agreement being required by Section 3(2)(e) the terms of which are incorporated herein by reference.
 - g. City fails to provide Developer with either reimbursement or the extension of services under this agreement or the Business Subsidy Agreement required by Section 3(2)(e).
2. During the term of this Agreement, the obligation of Developer to pay real estate taxes shall be absolute and unconditional irrespective of any defense or right of setoff, recoupment, or counterclaim that Developer might have against City or any other governmental body or person.
 3. In the event of default, City shall provide Developer with at least thirty (30) days written notice of the default and shall not take any action against Developer unless the default has not been corrected within the thirty-day notice period.
 4. Failure of Developer to cure any default within the time period allotted shall require Developer to repay to the City the fair market value of the subsidy described in the Business Subsidy Agreement, with a pro-rata credit against such repayment for any partial achievement of the requirements in this Development Agreement or the Business Subsidy Agreement.
 5. Failure of the City to fulfill its obligations under this Development Agreement or the Business Subsidy Agreement within the time period allotted will entitle the Developer to recover costs, disbursements and attorney fees reasonably incurred.
 6. Failure of the Developer to fulfill its obligations under this Development Agreement or the Business Subsidy Agreement within the time period allotted will entitle the City to recover costs, disbursements and attorney fees reasonably incurred.

Section 6. Notices/Recording.

1. Any communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or personally delivered and:
 - a. In the case of Developer, is addressed to or delivered to: Dairyland Power Cooperative, c/o Manager of Real Estate and Right of Way, P.O. Box 817 La Crosse, WI 54602;
 - b. In the case of City, is addressed to or delivered to: City of Harmony, c/o City Administrator, PO Box 488, Harmony, MN 55939; or at such other addresses with respect to each party, from time to time, is designated in writing.
2. City shall record this Agreement and any amendments with the Fillmore County

Recorder. City shall pay for all costs for recording. The terms and provisions shall be deemed covenants running with the Development Property and shall be binding upon future owners/successors.

Section 7. Maturity.

This agreement shall terminate January 31, 2031.

(signature page to follow)

IN WITNESS OF THE ABOVE, the parties have caused the Agreement to be executed on the date and year written above.

City:
City of Harmony:

By: Steve Donney
Its: Mayor

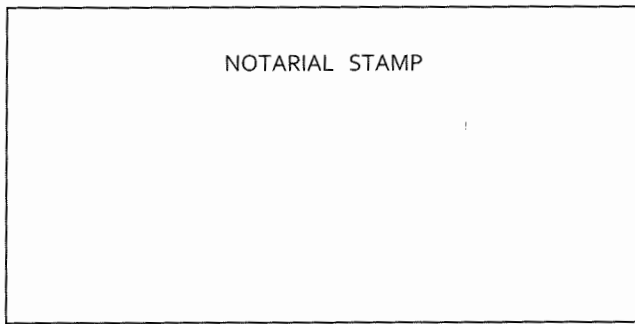
By: Devin Swanberg
Its: City Administrator

Developer:
Dairyland Power Cooperative

By: Steve Schauer
Its: Manager, Real Estate and Right of Way

STATE OF MINNESOTA)
) ss.
COUNTY OF FILLMORE)

On this ____ day of _____, 2021, before me a Notary Public within and for said County, personally appeared Steve Donney and Devin Swanberg, to me personally known, who being by me duly sworn, did say they were the Mayor and City Administrator of the City of Harmony, as named in the foregoing instrument, and that the seal affixed to said instrument was signed and sealed on behalf of said entity by authority of the City and they acknowledged said instrument to be the free act and deed of the City.



STATE OF _____)
) ss.
COUNTY OF _____)

Personally came before me on _____, 2021, on behalf of Dairyland Power Cooperative, the above-named Steve Schauer, Manager, Real Estate and Right of Way, to me known to be the person who executed the foregoing instrument and acknowledged the same.

Notary Public

Exhibit A

That part of the Southeast Quarter of the Northeast Quarter of Section 10, Township 101 North, Range 10 West, Fillmore County, Minnesota, described as follows:

Commencing at the southeast corner of said Southeast Quarter of the Northeast Quarter;
thence South 88°55'05" West along the south line of said Southeast Quarter of the Northeast Quarter 494.90 feet to the point of beginning;
thence continuing South 88°55'05" West along said south line 825.00 feet to the southwest corner of said Southeast Quarter of the Northeast Quarter;
thence North 00°55'02" West along the west line of said Southeast Quarter of the Northeast Quarter 543.00 feet;
thence North 88°55'05" East 825.00 feet;
thence South 00°55'02" East 543.00 feet to the point of beginning.

Subject to the right-of-way of County State Aid Highway 22 along the south side thereof and any other easements of record.

Resolution 21-06

**EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF HARMONY, MINNESOTA**

HELD: March 9, 2021

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Harmony, Fillmore County, Minnesota, was duly called and held on the 9th day of March 2021, at 7:00 p.m.

The following members of the Council were present:

and the following were absent

Member _____ introduced the following resolution and moved its adoption:

**RESOLUTION APPROVING THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 1,
MODIFICATION OF THE DEVELOPMENT PROGRAM RELATING THERETO;
THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-7 WITHIN MUNICIPAL
DEVELOPMENT DISTRICT NO 1
AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO**

WHEREAS:

A. It has been proposed that the City of Harmony, Minnesota (the "City"), modify Municipal Development District No. 1 and a Development Program relating thereto and create Tax Increment Financing District No. 1-7 within Municipal Development District No. 1 and adopt a tax increment financing plan with respect thereto, under the provisions of Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.1794 (collectively, the "Act"); and

B. The City of Harmony has investigated the facts and has caused to be prepared a modification of the development program for Development District No. 1 and a tax increment financing plan for Tax Increment Financing District No. 1-7; and

C. The City has performed all actions required by law to be performed prior to the modification of Development District No. 1, modification of the Development Program relating thereto, creation of Tax Increment Financing District No. 1-7 within Municipal Development District No. 1 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Fillmore County and Fillmore Central Public Schools (ISD #2198) having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-7, and the holding of a public hearing upon published and required notice as required by law.

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

1. Municipal Development District No. 1 and Tax Increment Financing District No. 1-7 within Municipal Development District No. 1. The City hereby approves the modification of Municipal Development District No. 1 and of the Development Plan relating thereto, and the establishment of Tax Increment Financing District No. 1-7 within Municipal Development

District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.

2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-7, and the City Council makes the following findings;

- (a) Tax Increment Financing District No. 1-7 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The reasons and facts supporting this finding are that the proposed development meets all of the criteria listed in Sections 12, 17, and 18 of the TIF Plan.

- (b) The proposed development in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future & 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 supporting facts for this finding are that the Developer submitted a document stating that without the use of tax increment financing, the Project could not proceed at the City site.

The City has further determined that no other development is expected to occur that would create a greater market value than that proposed, adjusting for the present value of tax increment assistance. Any other development of the TIF District would have to create a market value increase of more than \$1,837,311 in order to exceed the value increase expected under the current proposal, after subtracting the present value of the tax increment for 9 years (See Market Value Analysis, Exhibit 5 of the TIF Plan). Due to the number of years the property has existed in its current state, the City reasonably believes that the expected increase in market value without TIF assistance is limited to appreciation in existing real estate value, estimated to be approximately \$10,241 over the life of the TIF District.

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. Such analysis indicates that:

1. the increase in estimated market value of the proposed development is \$2,315,000; and
 2. the present value of expected tax increments collected over the maximum duration of the TIF District is \$477,789; and
 3. the expected increased estimated market value of the site without the use of tax increment is \$10,241; and
 4. even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than \$1,837,311 (the amount in number 1 less the amount in number 2).
- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 conforms to the general plan for development or redevelopment of the City of Harmony as a whole.

The reasons and facts supporting this finding are that the development proposal is found by the City Council to be consistent with the City's zoning ordinances and comprehensive plans for the area and serves to promote the City's development objectives.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Harmony as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the assistance provided in this TIF Plan will assist in the construction and/or expansion of manufacturing & warehousing/distribution facilities.

3. Public Purpose. The adoption of the modified Development District and Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.
4. Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the Tax Increment Financing Plan which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from the tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):
- (a) The City shall repay to the Fund from which Qualified Costs are initially paid, the principal amount of \$490,157 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
- (b) Principal and Interest on the Interfund Loan ("Payments") shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of the last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
- (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Morrison County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes, or contracts secured in whole or in part with tax increment and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.
- (d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
- (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the

city. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

- (f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.
- 5. Certification. The Auditor of Fillmore County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-7 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Tax Increment District No. 1-7 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
- 6. Filing. The City Administrator is further authorized and directed to file a copy of the amended Development Program and the Tax Increment Financing Plan with the Commissioner of Revenue and Office of the State Auditor.

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

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF FILLMORE
CITY OF HARMONY

I, the undersigned, being the duly qualified and acting Administrator of the City of Harmony, Minnesota, DO HEREBY CERTIFY that, I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the modification of Municipal Development District No. 1 and the establishment of Tax Increment Financing District No. 1-7 within Municipal Development District No. 1 in the City.

WITNESS my hand this 9th day of March 2021.

Devin Swanberg, City Administrator



Stantec Consulting Services Inc.
6188 Rome Circle NW
Rochester MN 55901
Tel: (507) 282-2100
Fax: (507) 282-3100

March 3, 2021

Mr. Devin Swanburg
City of Harmony/ Harmony EDA
225 3rd Avenue SW
P.O. Box 488
Harmony, MN 55935-0488

Reference: Dairyland Power Utility Expansion Improvements
Design and Construction Services Letter Proposal

Dear City of Harmony and Harmony Economic Development Authority,

As discussions with Dairyland Power Cooperative progress on the proposed Harmony Service Center on their parcel north of Wickett Drive/ CSAH 22 has moved forward, the City of Harmony and the Economic Development Authority has asked for a proposal for the final design and preparation of bidding and construction documents for the proposed expansion of municipal utilities (sanitary sewer collection and potable water distribution) to the parcel proposed parcel to be developed by Dairyland Power. If the City of Harmony and EDA wishes to proceed, the next steps include the coordination of private and public utility locates, completion of a topographic survey, the drafting of those topographic features in Civil3D and subsequently complete the design, public bidding and construction of the proposed improvements.

Below is a proposal for engineering services needed to complete the project for the City of Harmony EDA from the preliminary survey through final construction. It has been prepared in accordance with Stantec's Professional Services Agreement with the City of Harmony.

Project Limits and Understanding

The sanitary sewer collection system is proposed to be reconstructed to a serviceable depth within Wickett Drive NW while also extending the existing 6-inch water main. Both municipal utilities are to extend north to the northern right-of-way of CSAH 22 and adjacent to the parcel proposed to be developed. In completing this utility reconstruction/ expansion, Wickett Drive NW will also need to be reconstructed following the utility work installation.

Along with the proposed utilities within Wickett Drive NW, we are proposing to extend the existing 12-inch water main located in the TH 52 right-of-way adjacent to the Industrial Park westerly within the north ROW of CSAH 22, looping/ connecting this 12-inch water main with the 6-inch main being extended up Wickett Drive NW. This water loop will provide a reliable and sufficient water source for the proposed development and their fire suppression system.

Engineering Services

The proposed engineering services include:

1. Project Management & Coordination



Stantec Consulting Services Inc.
6188 Rome Circle NW
Rochester MN 55901
Tel: (507) 282-2100
Fax: (507) 282-3100

March 3, 2021

Mr. Devin Swanburg
City of Harmony/ Harmony EDA
225 3rd Avenue SW
P.O. Box 488
Harmony, MN 55935-0488

Reference: Dairyland Power Utility Expansion Improvements
Design and Construction Services Letter Proposal

Dear City of Harmony and Harmony Economic Development Authority,

As discussions with Dairyland Power Cooperative progress on the proposed Harmony Service Center on their parcel north of Wickett Drive/ CSAH 22 has moved forward, the City of Harmony and the Economic Development Authority has asked for a proposal for the final design and preparation of bidding and construction documents for the proposed expansion of municipal utilities (sanitary sewer collection and potable water distribution) to the parcel proposed parcel to be developed by Dairyland Power. If the City of Harmony and EDA wishes to proceed, the next steps include the coordination of private and public utility locates, completion of a topographic survey, the drafting of those topographic features in Civil3D and subsequently complete the design, public bidding and construction of the proposed improvements.

Below is a proposal for engineering services needed to complete the project for the City of Harmony EDA from the preliminary survey through final construction. It has been prepared in accordance with Stantec's Professional Services Agreement with the City of Harmony.

Project Limits and Understanding

The sanitary sewer collection system is proposed to be reconstructed to a serviceable depth within Wickett Drive NW while also extending the existing 6-inch water main. Both municipal utilities are to extend north to the northern right-of-way of CSAH 22 and adjacent to the parcel proposed to be developed. In completing this utility reconstruction/ expansion, Wickett Drive NW will also need to be reconstructed following the utility work installation.

Along with the proposed utilities within Wickett Drive NW, we are proposing to extend the existing 12-inch water main located in the TH 52 right-of-way adjacent to the Industrial Park westerly within the north ROW of CSAH 22, looping/ connecting this 12-inch water main with the 6-inch main being extended up Wickett Drive NW. This water loop will provide a reliable and sufficient water source for the proposed development and their fire suppression system.

Engineering Services

The proposed engineering services include:

1. Project Management & Coordination



Reference: Dairyland Power Utility Expansion Improvements; City of Harmony, MN

2. Final Design and Preparation of Plans, Specifications and Bidding Documents
3. Preliminary Survey (See Supplemental Services Tasks and Hours Attached)
4. Permit Applications (See Supplemental Services Tasks and Hours Attached)
5. Coordination with Dairyland Power (See Supplemental Services Tasks and Hours Attached)
6. Funding Agency Coordination (See Supplemental Services Tasks and Hours Attached)
7. Bidding Assistance (See Supplemental Services Tasks and Hours Attached)
8. Construction Services (Construction Survey, Observation and Project Management)

Compensation

We propose to complete engineering services 1 – 2 referenced above on a fee basis, plus reimbursable expenses as detailed in our Professional Services Agreement with the City of Harmony. Per our Professional Services Agreement, the fee is estimated at approximately 7.9992% or \$43,127.16 for the estimated construction costs of \$539,144.44. This fee will be recalculated once the project is publicly bid and based upon the actual low bid amount.

Engineering Service Items 3-7 above are anticipated supplemental services necessary for the design and completion of the Dairyland Power Utility Expansion Project. These services are proposed to be invoiced on an hourly basis as detailed in the attached Tasks and Hours breakdown, and per our Professional Services Agreement. These supplemental services on an estimated hourly basis total \$14,289.00.

Engineering construction services Item 8 above, is proposed to be completed on an hourly basis. These costs are estimated to be approximately 7-9% of construction costs or \$37,740.11 - \$48,523.00. All of our work would be completed in accordance with the terms and conditions of our Professional Services Agreement with the City of Harmony.

All associated reimbursable expenses including mileage for both the design and construction phases of the proposed project are estimated to total \$672.00 and will be billed out at the time of occurrence.



March 3, 2021
Page 3 of 3

Reference: Dairyland Power Utility Expansion Improvements; City of Harmony, MN

In summary, we request authorization to proceed with preliminary utility locates and survey, final design, construction document preparation, bidding assistance, permitting and construction services for the proposed Dairyland Power Utility Expansion Improvements in accordance with our Professional Services Agreement with the City of Harmony. If this proposal is acceptable, please sign and return a copy of this proposal letter.

All services detailed within this letter of understanding are to be completed per the attached project schedule.

Please feel free to call me if you have any questions or concerns at (507) 529-6030.

Respectfully,
STANTEC CONSULTING SERVICES INC.

Brett A. Grabau, PE
Associate
Phone: (507) 529-6030
brett.grabau@stantec.com

Joseph C. Palen, PE
Principal
Phone: (507) 529-6036
joseph.palen@stantec.com

By signing this proposal, the City of Harmony authorizes Stantec Consulting Services, Inc. to proceed with the services herein described as Tasks 1 - 8, and the Client acknowledges that this work shall be completed in accordance with the Professional Services Agreement with the City of Harmony dated January 12, 1999.

This proposal is accepted and agreed on the ____ day of _____, 2021.

Per: City of Harmony

Signature

City of Harmony & EDA - Dairyland Power Utility Expansion Improvements
Final Design/ Construction - Supplemental Services

Supplemental Services - Tasks, Hourly Costs and Fee

Major Tasks	Project/ Design Engineer	Survey Crew Chief	Senior Civil Technician	EIT/ Designer	Admin. Assistant	Total Hours	Cost
Team Members	Brett Grabau	Todd Althman	Jeff Barton	Katie Oliver	Ann Fogarty		
Summary of Total Estimated Supplemental Services Associated with Final Design - Hourly Costs							
<i>Task 3 - Preliminary Survey</i>	5	21		12		38	\$5,427.00
<i>Task 4 - Permit Applications</i>	10		8	8		26	\$3,200.00
<i>Task 5 - Coordination with Dairyland Power</i>	10			6		16	\$2,076.00
<i>Task 6 - Funding Agency Coordinaton</i>	16				2	18	\$2,284.00
<i>Task 7 - Bidding Assistance</i>	4				9	13	\$1,302.00
<i>Total Estimated Supplemental Services (Hourly)</i>	45	21	8	26	11	111	\$14,289.00
Hourly Rates 2021	\$132.00	\$155.00	\$109.00	\$126.00	\$86.00	---	---
Task 1-2: Estimated Final Design Fees							
<i>Dairyland Power Utility Expansion Improvements - Design Fee Including the Preparation of Plans and Specifications (~7.9992%)</i>							\$43,127.16
Task 8: Estimated Construction Services Fees							
<i>Dairyland Power Utility Expansion Improvements - Estimated Construction Services Fee (~8.00%)</i>							\$43,131.56
Anticipated Stantec Reimbursable Expenses							
Travel (Design and Construction Services)							\$672.00
Supplies & Equipment							No Charge
Total Reimbursable							\$672.00
Total Project Cost							\$101,219.72

City of Harmony & EDA - Dairyland Power Utility Expansion Improvements
Final Design - Supplemental Services Tasks and Hours

Tasks	Projet/ Design Engineer	Survey Crew Chief	Senior Civil Technician	EIT/ Designer	Admin. Assistant	Total Hours
Team Members	Brett Grabau	Todd Althman	Jeff Barton	Katie Oliver	Ann Fogarty	
Task 3 - Preliminary Survey						
3.1 - Establish survey vertical and horizontal control throughout project areas. Locate existing property corners and section corners.	1	2				3
3.2 - Coordinate location of private utilities within project area using Gopher State One Call. Solicit quotes for soil borings, coordinate work with Geotechnical Consultant, stake soil boring and review geotechnical report.	2	1		2		5
3.3 - Conduct topographic survey as needed to complete project design.		16				16
3.4 - Download topographic survey points and generate topographic mapping, 3 dimensional surface (TIN) and generate automated survey line work.	2	2		10		14
Task 3 - Total	5	21		12		38
Task 4 - Permit Applications						
4.1 - Prepare permit applications as required to construct the project including: Minnesota Department of Health (MDH), Minnesota Pollution Control Agency (MPCA), Fillmore County Utility within ROW, MnDOT Utility within ROW & NPDES Stormwater Permit and Stormwater Pollution Prevention Plan. (City to Pay all Permit Fees / Licenses)	10		8	8		26
Task 4 - Total	10		8	8		26
Task 5 - Coordination with Dairyland Power						
5.1 Exchange of CAD design data including alignments, service locations, design surface grading data and access location.	4			6		10
5.2 Design Site Plan Review	6					6
Task 5 - Total	10			6		16
Task 6 - Funding Agency Coordinaton						
6.1 Incorporation of funding agency requirements into project bidding documents.	8				2	10
6.2 Assistance to City and EDA staff with funding agency requirements.	8					8
Task 6 - Total	16				2	18
Task 7 - Bidding Assistance						
7.1 Correspondence with qualified contractors to generate interest in the improvement project. Assistance with Bid Opening, review of bidding documents, prepare bid tabulation, and drafting letter of recommendation to Council for award.	4				1	5
7.2 Document printing, binding and distribution					8	8
Task 7 - Total	4				9	13

City of Harmony & EDA - Dairyland Power Utility Expansion Improvements
Final Design/ Construction - Supplemental Services

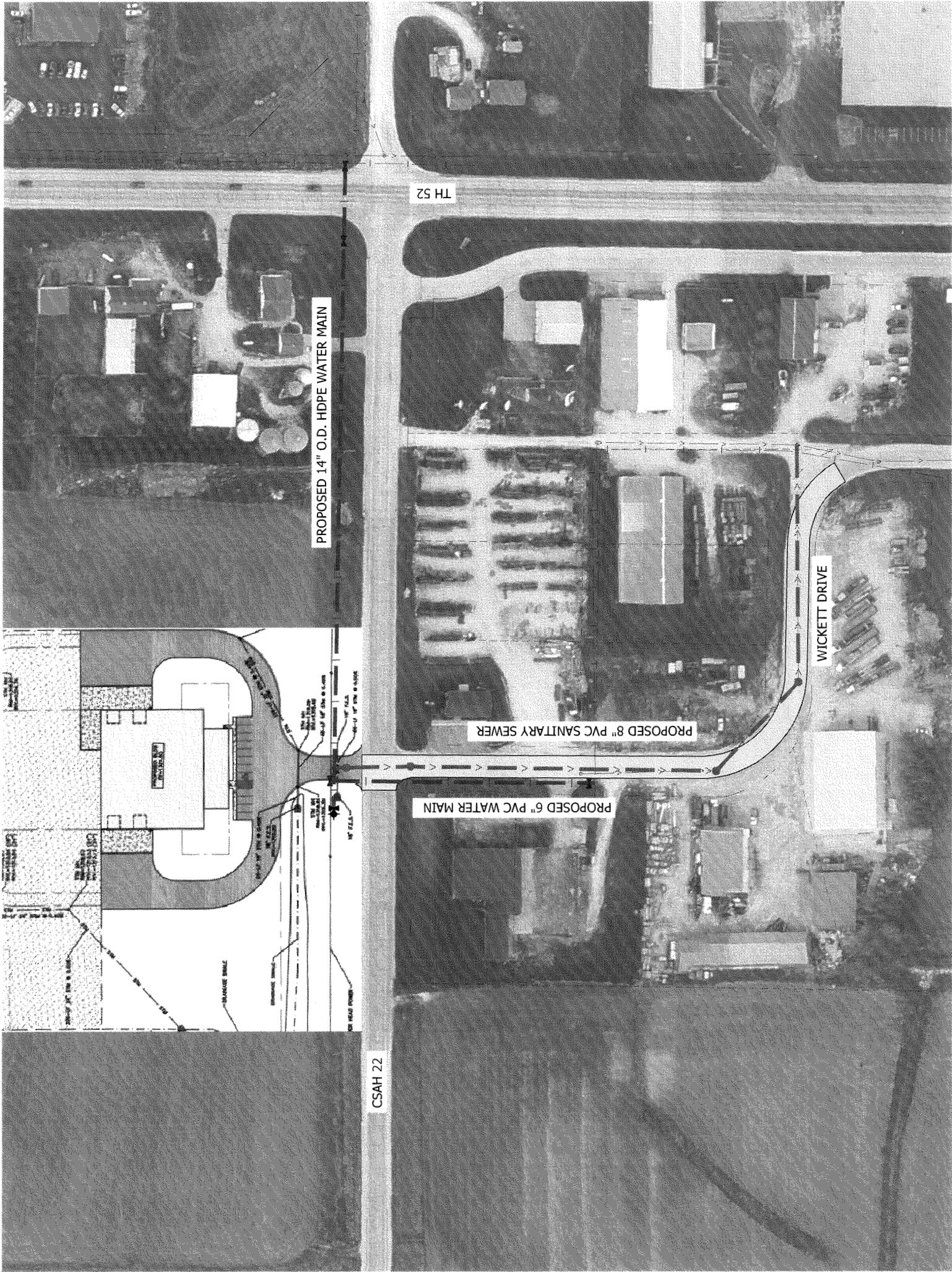
Design Travel		Total
Mileage (200 miles at \$0.56/mile)		\$112.00
Construction Travel		
Mileage (1000 miles at \$0.56/mile)		\$560.00
	Sub-Total	\$672.00
Supplies		
GPS and Total Station Survey Equipment and Supplies		No Charge
	Sub-Total	\$0.00
Total Reimbursable Expenses		\$672.00

February 2021

Re: City of Harmony
Dairyland Power Utility Expansion Improvements

TENTATIVE PROJECT SCHEDULE

<u>Task</u>	<u>Date</u>
Stantec and Staff Initiate Project Scoping	Complete
Preliminary Cost Estimates and Discussion with Staff and EDA	Complete
Authorization to Prepare Plans and Specifications	Tuesday, March 9, 2021
Dairyland Power Utility Expansion Improvements Plans and Specifications Design	March – April, 2021
Council Approval of Plans and Specifications	Tuesday, May 11, 2021
Council Approval to Submittal of Ad for Bid	Tuesday, May 11, 2021
Submit Advertisement for Bids for Publication	Monday, May 12, 2021
Bid Date	Thursday, June 10, 2021
Consider/ Award Contract (Special Council Meeting)	Tuesday, June 15, 2021
Begin Construction (Early Start)	Monday, July 6, 2021
Substantial Completion	Friday, September 17, 2021
Final Completion	Friday, October 1, 2021



TH 52

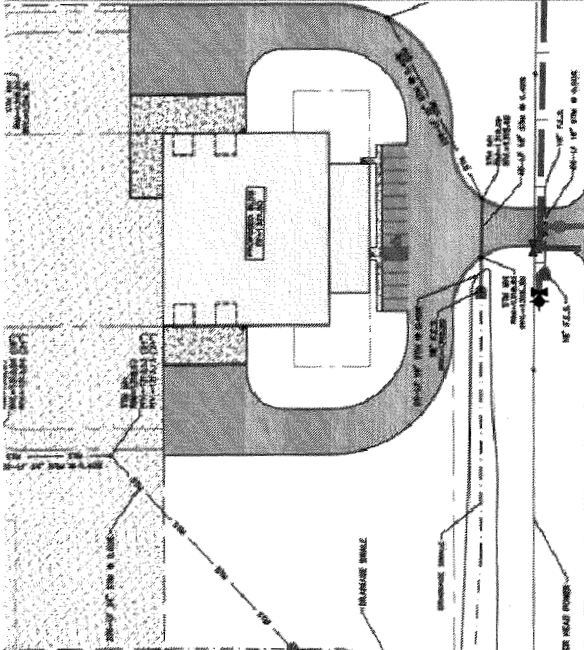
PROPOSED 14" O.D. HDPE WATER MAIN

WICKETT DRIVE

PROPOSED 8" PVC SANITARY SEWER

PROPOSED 6" PVC WATER MAIN

CSAH 22



CITY OF HARMONY
WICKETT DRIVE UTILITY EXTENSION
MARCH 2021

NO.	ITEM	UNIT	QUANT	UNIT PRICE	TOTAL
WICKETT DRIVE STREET RESTORATION					
1	MOBILIZATION	LS	1.00	\$20,000.00	\$20,000.00
2	TRAFFIC CONTROL	LS	1.00	\$15,000.00	\$15,000.00
3	REMOVE BITUMINOUS PAVEMENT	SY	3000	\$3.00	\$9,000.00
4	SAWING BITUMINOUS PAVEMENT	LF	290	\$4.00	\$1,160.00
5	COMMON EXCAVATION (P)	CY	2150	\$12.50	\$26,875.00
6	GEOTEXTILE FABRIC, TYPE V	SY	3000	\$1.75	\$5,250.00
7	AGGREGATE BASE, CLASS 5 (CV)	CY	2150	\$38.00	\$81,700.00
8	SUBGRADE EXCAVATION (EV)	CY	500	\$12.50	\$6,250.00
9	SUBGRADE CORRECTION (CV)	CY	500	\$38.00	\$19,000.00
10	TOPSOIL BORROW (CV)	CY	150	\$16.00	\$2,400.00
11					
	TYPE SP 12.5 NON WEARING COURSE MIXTURE (SPNWB330B) (2" THICK)	SY	3000	\$10.12	\$30,360.00
12	TYPE SP 9.5 WEARING COURSE MIXTURE (SPWEA340B) (2.0" THICK)	SY	3000	\$10.12	\$30,360.00
13	BITUMINOUS MATERIAL FOR TACK COAT (P)	GAL	150	\$4.00	\$600.00
14	HYDRAULIC BONDED FIBER MATRIX (BFM)	SY	800	\$2.50	\$2,000.00
15	INLET PROTECTION	LS	1	\$1,500.00	\$1,500.00
SUBTOTAL STREET IMPROVEMENTS					\$251,455.00
15% CONT.					\$37,718.25
WICKETT DRIVE STREET RESTORATION ESTIMATED PROJECT COSTS					\$289,173.25
WICKETT DRIVE SANITARY SEWER IMPROVEMENTS					
16	REMOVE SANITARY SEWER MANHOLE	EA	3	\$750.00	\$2,250.00
17	REMOVE SANITARY SEWER MAIN	LF	620	\$4.00	\$2,480.00
18	CONNECT TO EXISTING SANITARY SEWER MANHOLE	EA	1	\$1,000.00	\$1,000.00
19	8" PVC SANITARY SEWER PIPE	LF	975	\$46.00	\$44,850.00
20	SOLID ROCK EXCAVATION	CY	700	\$60.00	\$42,000.00
21	IMPROVED PIPE FOUNDATION	LF	975	\$1.50	\$1,462.50
22					
	4' DIAMETER SANITARY MH, INCL R-1642-B CSTG AND CONC ADJ RINGS	EA	4	\$4,250.00	\$17,000.00
23	SANITARY SEWER INSPECTION	LF	975	\$1.75	\$1,706.25
SUBTOTAL SANITARY SEWER IMPROVEMENTS					\$112,748.75
15% CONT.					\$16,912.31
WICKETT DRIVE SANITARY SEWER ESTIMATED PROJECT COSTS					\$129,661.06
WICKETT DRIVE WATER MAIN IMPROVEMENTS					
24	CONNECT TO EXISTING WATER MAIN	EA	1	\$1,650.00	\$1,650.00
25	6" GATE VALVE AND BOX	EA	1	\$1,600.00	\$1,600.00
26	HYDRANT	EA	1	\$4,700.00	\$4,700.00
27	6" C900 DR18 PVC WATER MAIN, INCL. TRACER WIRE	LF	345	\$48.00	\$16,560.00
28	DUCTILE IRON FITTINGS	LB	200	\$10.00	\$2,000.00
29	SOLID ROCK EXCAVATION	CY	255	\$60.00	\$15,300.00
30	IMPROVED PIPE FOUNDATION	LF	345	\$1.50	\$517.50
SUBTOTAL WATER MAIN IMPROVEMENTS					\$42,327.50
15% CONT.					\$6,349.13
WICKETT DRIVE WATER MAIN ESTIMATED PROJECT COSTS					\$48,676.63

WICKETT DRIVE SERVICE IMPROVEMENTS

31	CONNECT TO EXISTING WATER SERVICE	EA	1	\$400.00	\$400.00
32	1" CURB STOP AND BOX	EA	1	\$400.00	\$400.00
33	1" CORPORATION STOP WITH SADDLE	EA	1	\$300.00	\$300.00
34	1" TYPE "K" COPPER WATER SERVICE	LF	1	\$40.00	\$40.00
35	8X4 PVC WYE	EA	4	\$200.00	\$800.00
36	4" PVC SDR 26 SEWER SERVICE PIPE	LF	135	\$25.00	\$3,375.00
37	SOLID ROCK EXCAVATION	CY	100	\$60.00	\$6,000.00
38	CONNECT TO EXISTING SANITARY SEWER SERVICE	EA	4	\$200.00	\$800.00

SUBTOTAL SERVICE IMPROVEMENTS \$12,115.00

15% CONT. \$1,817.25

WICKETT DRIVE SERVICE IMPROVEMENTS ESTIMATED PROJECT COSTS \$13,932.25

WICKETT DRIVE ESTIMATED PROJECT COSTS

WICKETT DRIVE STREET RESTORATION ESTIMATED PROJECT COSTS	\$289,173.25
WICKETT DRIVE SANITARY SEWER ESTIMATED PROJECT COSTS	\$129,661.06
WICKETT DRIVE WATER MAIN ESTIMATED PROJECT COSTS	\$48,676.63
WICKETT DRIVE SERVICE IMPROVEMENTS ESTIMATED PROJECT COSTS	\$13,932.25

WICKETT DRIVE ESTIMATED PROJECT COSTS \$481,443.19

INDUSTRIAL PARK WATER MAIN IMPROVEMENTS

39	CONNECT TO EXISTING WATER MAIN	EA	1	\$5,000.00	\$5,000.00
40	12" GATE VALVE AND BOX	EA	2	\$3,200.00	\$6,400.00
41					
	14" O.D. HDPE WATER MAIN DIRECTIONAL DRILL INCL. TRACER WIRE	LF	345	\$95.00	\$32,775.00
42	WATER MAIN CASING PIPE	LF	40	\$100.00	\$4,000.00
43	DUCTILE IRON FITTINGS	LB	200	\$10.00	\$2,000.00

SUBTOTAL WATER MAIN IMPROVEMENTS \$50,175.00

15% CONT. \$7,526.25

INDUSTRIAL PARK WATER MAIN ESTIMATED PROJECT COSTS \$57,701.25

WICKETT DRIVE AND INDUSTRIAL PARK ESTIMATED PROJECT COSTS

WICKETT DRIVE STREET RESTORATION ESTIMATED PROJECT COSTS	\$289,173.25
WICKETT DRIVE SANITARY SEWER ESTIMATED PROJECT COSTS	\$129,661.06
WICKETT DRIVE WATER MAIN ESTIMATED PROJECT COSTS	\$48,676.63
WICKETT DRIVE SERVICE IMPROVEMENTS ESTIMATED PROJECT COSTS	\$13,932.25

INDUSTRIAL PARK WATER MAIN ESTIMATED PROJECT COSTS \$57,701.25

WICKETT DRIVE ESTIMATED PROJECT COSTS \$539,144.44

To:	City of Harmony	From:	Brett A. Grabau Stantec Rochester
File:	Geotechnical Exploration for Dairyland Power Utility Expansion Improvements	Date:	March 4, 2021

**Reference: Dairyland Power Utility Expansion Improvements
(Geotechnical Exploration)**

Honorable Mayor and City Council:

On March 4, 2021 we received quotes for the geotechnical exploration necessary for the design and installation of the utilities proposed for the Dairyland Power Utility Expansion Improvements. Below and attached are the received quotes from Chosen Valley Testing (CVT) and American Engineering and Testing (AET).

Low: \$1,965.00 – Chosen Valley Testing
2nd: \$2,950.00 – American Engineering and Testing

If the Council chooses to move forward with the design and public bidding of the proposed Dairyland Power Utility Expansion Improvements, we recommend the approval of the low quote from Chosen Valley Testing at \$1,965 per their attached proposal.

I will be present at the Council Meeting to discuss any questions or concerns that Council or Staff may have, but please feel free to reach out directly to me if you would like to discuss this matter further prior to the meeting.

Stantec Consulting Services Inc.



Brett Grabau
Associate

Phone: 507 529 6030
Fax: 507 282 3100
Brett.Grabau@stantec.com

Attachment: CVT and AET Quotes

c. City of Harmony Administrator
Harmony EDA Director



Proposal for Factual Geotechnical Evaluation:

Proposed Dairyland Power Utility Extension
CSAH 22 and Wickett Drive
Harmony, Minnesota

Prepared for:

Devin Swanberg, Administrator
City of Harmony

c/o: Mr. Brett Grabau, P.E.
Stantec

March 4, 2021
18078.21.MNR

Chosen Valley Testing, Inc.

1410 7th Street NW, Rochester, Minnesota 55901
Phone: 1-507-281-0968 Fax: 1-507-289-2523 Email: rochester@chosenvalleytesting.com

Devin Swanberg
Administrator
City of Harmony
225 3rd Ave SW
Harmony, MN 55939

March 4, 2021

c/o: Mr. Brett Grabau, P.E.
Stantec
6188 Rome Circle NW
Rochester, MN 55901-4846
Brett.Grabau@stantec.com

**Re: Proposal for Factual Geotechnical Evaluation
Proposed Dairyland Power Utility Extension
CSAH 22 and Wickett Drive
Harmony, Minnesota
CVT Proposal #: 18078.21.MNR**

Dear Mr. Swanberg,

As requested on your behalf, we are pleased to provide this proposal for geotechnical soil borings and factual report of findings for the proposed Dairyland Power Utility Extension Project in Harmony, Minnesota. CVT is familiar with the soil and rock in the area and we are very interested in providing services for this project. This proposal summarizes our estimated costs for our services on the project.

Scope

Borings: It is understood that a total of 6 flight auger soil borings are requested to depths of 14 ½ feet. CVT intends to drill the borings to their requested depths or auger refusal, which is achieved first. Topsoil/pavement thicknesses and observed groundwater levels will be recorded. Soil cutting samples from the flight augers will also be taken and field logs will be noted by an experienced drill crew chief. The borings will be backfilled with soil cuttings and any pavements will be patched with cold-patch asphalt.

Laboratory Testing: Based on the anticipated soils on site, extensive laboratory tests are not expected to be necessary for classification purposes. Moisture content tests have been included to aid in describing soil conditions. CVT would contact the client for additional authorization if conditions are suspected which might justify further laboratory testing to facilitate analysis, such as organic or expansive soils.

Reports: A factual geotechnical engineering report will be prepared for the project. The factual report will include the geological background of the work site, description of the encountered soil/rock stratification, and groundwater observations at the time of drilling. An electronic copy of the report will be provided and up to three hard copies can be mailed upon request.

Access and Schedule: Based on the provided soil boring location map and available aerial imagery, the soil borings appear to be accessible to standard truck-mounted drilling equipment. This is included in our cost. Boring locations will be offset as needed to avoid underground and overhead utilities. CVT intends

to provide signs and cones for traffic control. If a flag crew is required for traffic control, we assume the City can assist.

CVT requests that the City notify the Johnson Farm located in the northwest quadrant of the US Highway 52 and CSAH 22 intersection of the soil boring taking place in the road right-of-way grass area of their property prior to the day of our exploration.

Prior to drilling, Gopher State One Call would be contacted to have public utilities located on site. It is expected that utility meets will be required to provide boring location staking/marketing and instructions to locators of our intended exploration. Any private utilities will be the Owner's responsibility for locating prior to our exploration. However, private utilities are not expected to exist at the boring locations.

It is understood that the work is to be completed and a copy of the boring logs are to be provided by March 19, 2021. CVT intends to meet this deadline provided authorization is given by March 10, 2021, and delays are not caused by utility locating, weather conditions, holidays, and any other unforeseen conditions. The field work is expected to be completed in 1 day.

Fees and Payment

CVT will perform the requested work scope on a unit cost basis in accordance with the following tabulation. The total cost would not be exceeded without a change in work scope. Any additional services would be applied according to the provided unit costs. Only those services performed will be charged. Standby time for our drill crew is \$165 per hour but would not accrue until after the client is notified of conditions causing delay.

Drilling Scope: 6(FA)x14.5' or auger refusal

Unit	QTY.	ITEM DESCRIPTION	UNIT COST	AMOUNT
		Utility Meet		
trip	1	Vehicle Trip Charge (Fuel & Mileage), per trip	\$70.00	\$70.00
hour	3	Engineering Assistant (Staking and Meet), per hour	\$55.00	\$165.00
		Drilling Services		
day	1	Drill Rig & Support Vehicle, per day	\$400.00	\$400.00
boring	6	FA drilling, sampling, and sealing, per 14.5' or refusal	\$150.00	\$900.00
site	0	MDH Bore Hole Sealing Record, per site	\$200.00	\$0.00
		Laboratory Testing		
test	6	Moisture Content, per test	\$5.00	\$30.00
test	0	Atterberg Limits, per test	\$80.00	\$0.00
test	0	Organic Content, per test	\$40.00	\$0.00
		Geotechnical Engineering Services		
lump sum	1	Logging and Factual Report, lump sum	\$400.00	\$400.00
			Total	\$1,965.00

An invoice for the work will be mailed to the client after the exploration report is completed. Payment for services is then expected within 30 days. Interest will be added to invoices over 30 days.

Remarks

CVT appreciates the opportunity to propose geotechnical services on this project. Please feel free to call us at (507) 281-0968, if you have any questions or desire further information.

Sincerely,
Chosen Valley Testing, Inc.



Devin M. Ehler, PE
Geotechnical Engineer

Authorization to Proceed



Proposal for Factual Geotechnical Evaluation

Project: Proposed Dairyland Power Utility Extension
CSAH 22 and Wickett Drive
Harmony, Minnesota

Prepared by: Chosen Valley Testing, Inc.

CVT Number: 18078.21.MNR

Commencement of the above Project or Work Package, as outlined in the attached proposal document from Chosen Valley Testing, Inc., is hereby authorized.

Authorizing Person:

Signature

Printed Name and Title

Date

GENERAL CONTRACT PROVISIONS

ARTICLE 1 – PERFORMANCE OF THE WORK

Chosen Valley Testing, Inc. ("CVT") shall perform the services under this Agreement in accordance with the care and skill ordinarily exercised by members of CVT's profession practicing under similar circumstances at the same time and in the same locality. Sampling procedures employed by CVT during the Work can indicate actual conditions only at the precise locations from which, and only at the time, samples are taken. CVT may make inferences based upon the results of sampling or related testing to form a professional opinion of conditions in areas beyond those from which samples were taken. However, because a sampling program cannot prove the non-existence or non-presence of conditions or materials, CVT makes no warranties, express or implied, under this Agreement or otherwise, in connection with its services.

ARTICLE 2 – ADDITIONAL SERVICES

If the Client requests that the CVT perform any services which are beyond the scope as set forth in the Proposal, or if changed or unforeseen conditions require the CVT to perform services outside of the original scope, then, CVT shall promptly notify the Client of cause and nature of the additional services required. Upon notification, CVT shall be entitled to an equitable adjustment in both compensation and time to perform.

ARTICLE 3 – SCHEDULE

Unless specific periods of time or dates for providing services are specified in a separate Exhibit, CVT's obligation to render services hereunder will be for a period which may reasonably be required for the completion of said services. The Client agrees that CVT is not responsible for damages arising directly or indirectly from any delays for causes beyond CVT's control. For purposes of this Agreement, such causes include, but are not limited to, strikes or other labor disputes; severe weather disruptions, or other natural disasters or acts of God; fires, riots, war or other emergencies; any action or failure to act in a timely manner by any government agency; actions or failure to act by the Client or the Client's contractor or CVTs; or discovery of any hazardous substance or differing site conditions. If the delays outside of CVT's control increase the cost or the time required by CVT to perform its services in accordance with professional skill and care, then CVT shall be entitled to a reasonable adjustment in schedule and compensation.

ARTICLE 4 – CONTRACTOR RESPONSIBILITIES

CVT neither guarantees the performance of any Contractor retained by Client nor assumes responsibility for any Contractor's failure to furnish and perform the work in accordance with the construction documents. Client acknowledges CVT will not direct, supervise or control the work of contractors or their subcontractors, nor shall CVT have authority over or responsibility for the contractors means, methods, or procedures of construction. CVT's services do not include review or evaluation of the Client's, contractor's or subcontractor's safety measures, or job site safety. Job Site Safety shall be the sole responsibility of the contractor who is performing the work.

ARTICLE 5 – CLIENT RESPONSIBILITIES

Client is responsible to provide CVT with access to the site. Client shall also provide CVT with any other previous geotechnical or other reports, investigations, specifications, plans and other information about the site to which Client has access. Changes in plans and information about the site conditions that becomes known after our report may affect CVT's opinions.

Drilling, sampling, and other subsurface work will cause disruption to the site and in particular to any paving or other structures in place over the selected sampling locations. CVT will use reasonable care to minimize damage to the site, but CVT has not included the cost of restoring normal damage in the estimated charges contained within its proposal. Client agrees to equitable adjust the contract amount in the event that Client seeks repair of the site in a manner more than is customary in the industry.

ARTICLE 6 – REUSE AND DISPOSITION OF INSTRUMENTS OF SERVICE

All documents, including reports, drawings, calculations, specifications, CADD materials, computers software or hardware or other work product prepared by CVT pursuant to this Agreement are CVT's Instruments of Service and CVT retains all ownership interests in Instruments of Service, including copyrights. The Instruments of Service are not intended or represented to be suitable for reuse by the Client or others on extensions of the Project or on any other project. Copies of documents that may be relied upon by Client are limited to the printed copies (also known as hard copies) that are signed or sealed by CVT. Files in electronic format furnished to Client are only for convenience of Client. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. CVT makes no representations as to long term compatibility, usability or readability of electronic files.

If requested, at the time of completion or termination of the work, the CVT may make available to the Client the Instruments of Service upon (i) payment of amounts due and owing for work performed and expenses incurred to the date and time of termination, and (ii) fulfillment of the Client's obligations under this Agreement. Any use or re-use of such Instruments of Service by the Client or others without written consent, verification or adaptation by the CVT except for the specific purpose intended will be at the Client's risk and full legal responsibility and Client expressly releases all claims against CVT arising from re-use of the Instruments of Service without CVT's written consent, verification or adaptation.

The Client will, to the fullest extent permitted by law, indemnify and hold the CVT harmless from any claim, liability or cost (including reasonable attorneys' fees, and defense costs) arising or allegedly arising out of any unauthorized reuse or modification of these Instruments of Service by the Client or any person or entity that acquires or obtains the reports, plans and specifications from or through the Client without the written authorization of the CVT. Under no circumstances shall transfer of Instruments of Service be deemed a sale by CVT, and CVT makes no warranties, either expressed or implied, of merchantability and fitness for any particular purpose. CVT shall be entitled to compensation for any consent, verification or adaption of the Instruments of Service for extensions of the Project or any other project.

ARTICLE 7 – PAYMENTS

Payment to CVT shall be on a lump sum or hourly basis as set out in the Agreement. CVT is entitled to payment of amounts due plus reimbursable expenses. Client will pay the balance stated on the invoice unless Client notifies CVT in writing of any disputed items within 15 days from the date of invoice. In the event of any dispute, Client will pay all undisputed amounts in the ordinary course, and the Parties will endeavor to resolve all disputed items. All accounts unpaid after 30 days from the date of original invoice shall be subject to a service charge of 1-1/2% per month, or the maximum amount authorized by law, whichever is less. CVT reserves the right to retain products of service until all invoices are paid in full. CVT will not be liable for any claims of loss, delay, or damage by Client for reason of withholding services or products of service until all invoices are paid in full. CVT shall be entitled to recover all reasonable costs and disbursements, including reasonable attorney fees, incurred in connection with collecting amounts owed by Client. In addition, CVT may, after giving seven days' written notice to Client, suspend services under this Agreement until it receives full payment for all amounts then due for services, expenses and charges. Payment methods, expenses and rates may be more fully described in Exhibit C and Exhibit E.

ARTICLE 8 – HAZARDOUS MATERIALS

Notwithstanding the Scope of Services to be provided pursuant to this Agreement, it is understood and agreed that CVT is not a user, handler, generator, operator, treater, arranger, storer, transporter or disposer of hazardous or toxic substances, pollutants or contaminants as any of the foregoing items are defined by Federal, State and/or local law, rules or regulations, now existing or hereafter amended, and which may be found or identified on any Project which is undertaken by CVT.

The Client agrees to indemnify CVT and its officers, subCVT(s), employees and agents from and against any and all claims, losses, damages, liability and costs, including but not limited to costs of defense, arising out of or in any way connected with, the presence, discharge, release, or escape of hazardous or toxic substances, pollutants or

contaminants of any kind, except that this clause shall not apply to such liability as may arise out of CVT's sole negligence in the performance of services under this Agreement arising from or relating to hazardous or toxic substances, pollutants, or contaminants specifically identified by the Client and included within CVT's services to be provided under this Agreement.

ARTICLE 9 - INSURANCE

CVT has procured general and professional liability insurance. On request, CVT will furnish client with a certificate of insurance detailing the precise nature and type of insurance, along with applicable policy limits.

ARTICLE 10 – TERMINATION OR SUSPENSION

If CVT's services are delayed or suspended in whole or in part by Client, or if CVT's services are delayed by actions or inactions of others for more than 60 days through no fault of CVT, CVT shall be entitled to either terminate its agreement upon 7 days written notice or, at its option, accept an equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect reasonable costs incurred by CVT in connection with, among other things, such delay or suspension and reactivation and the fact that the time for performance under this Agreement has been revised.

This Agreement may be terminated by either party upon seven days written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination. In the event of termination CVT shall be compensated for services performed prior to termination date, including charges for expenses and equipment costs then due and all termination expenses. CVT is entitled to payment even if the project does not go forward or is not constructed.

This Agreement may be terminated by either party upon thirty days' written notice without cause. CVT shall upon termination only be entitled to payment for the work performed up to the Date of termination. In the event of termination, copies of plans, reports, specifications, electronic drawing/data files (CADD), field data, notes, and other documents whether written, printed or recorded on any medium whatsoever, finished or unfinished, prepared by the CVT pursuant to this Agreement and pertaining to the work or to the Project, (hereinafter "Instruments of Service"), shall be made available to the Client upon payment of all amounts due as of the date of termination. All provisions of this Agreement allocating responsibility or liability between the Client and CVT shall survive the completion of the services hereunder and/or the termination of this Agreement.

ARTICLE 11 - INDEMNIFICATION

The CVT agrees to indemnify and hold the Client harmless from any damage, liability or cost to the extent caused by the CVT's negligence or willful misconduct.

The Client agrees to indemnify and hold the CVT harmless from any damage, liability or cost to the extent caused by the Client's negligence or willful misconduct.

ARTICLE 12- WAIVER OF CONSEQUENTIAL DAMAGES

The CVT and Client waive claims against each other for consequential damages arising out of or relating to this contract. This mutual waiver includes damages incurred by the Client for rental expenses, for loss of use, loss of income, lost profit, project delays, financing, business and reputation and for loss of management or employee productivity or of the services of such persons; and (2) Damages incurred by the CVT for principal office expenses including the compensation for personnel stationed there, for losses of financing, business and reputation and for loss of profit except anticipated profit arising directly from the Work. The CVT and Client further agree to obtain a similar waiver from each of their contractors, subcontractors or suppliers.

ARTICLE 13 - ASSIGNMENT

Neither Party to this Agreement shall assign its interest in this agreement, any proceeds due under the Agreement nor any claims that may arise from services or payments due under the Agreement without the written consent of the other Party. Any assignment in violation of this provision shall be null and void. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the CVT or Client. This Agreement is for the exclusive benefit of CVT and Client and there are no other intended beneficiaries of this Agreement.

ARTICLE 14 - CONFLICT RESOLUTION

In an effort to resolve any conflicts that arise during the design or construction of the project or following the completion of the project, the Client and CVT agree that all disputes between them arising out of or relating to this Agreement shall be submitted to nonbinding mediation as a precondition to any formal legal proceedings.

ARTICLE 15 - CONFIDENTIALITY

The CVT agrees to keep confidential and not to disclose to any person or entity, other than the CVT's employees, and the general contractor and subcontractors, if appropriate, any data and information furnished to the CVT and marked CONFIDENTIAL by the Client. These provisions shall not apply to information in whatever form that comes into the public domain, nor shall it restrict the CVT from giving notices required by law or complying with an order to provide information or data when such order is issued by a court, administrative agency or other authority with proper jurisdiction, or if it is reasonably necessary for the CVT to complete services under the Agreement or defend itself from any suit or claim.

ARTICLE 16 – LIMITATION OF LIABILITY

To the maximum extent permitted by law, the Client agrees to limit the CVT's liability for any claims by or through the Client to the sum of Fifty Thousand Dollars (\$50,000). This limitation shall apply regardless of the cause of action or legal theory pled or asserted. In addition, Client and CVT each agree that neither will be responsible for any incidental, indirect, or consequential damages (including loss of use or loss of profits) sustained by the other, its successors or assigns. This mutual waiver shall apply even if the damages were foreseeable and regardless of the theory of recovery plead or asserted.

ARTICLE 17 - CONTROLLING LAW

This Agreement is to be governed by the laws of the State of the location of the Project. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including but not limited to claims for negligence or breach of warranty, that is not settled by nonbinding mediation shall be settled by the law of the state of the location of the Project.

ARTICLE 18 - LOCATION OF UNDERGROUND IMPROVEMENTS

Client shall provide CVT all information that Client has about buried objects at the site. Where requested by Client, CVT will perform customary research to assist Client in locating and identifying subterranean structures or utilities. However, CVT may reasonably rely on information from the Client and information provided by local utilities related to structures or utilities and will not be liable for damages incurred where CVT has complied with the standard of care and acted in reliance on that information. The Client agrees to waive all claims and causes of action against the CVT for claims by Client or its contractors relating to the identification, removal, relocation, or restoration of utilities, or damages to underground improvements resulting from subsurface penetration locations established by the CVT.



AMERICAN
ENGINEERING
TESTING, INC.

CONSULTANTS
• GEOTECHNICAL
• MATERIALS
• ENVIRONMENTAL

March 4, 2021

Stantec
6188 Rome Circle Northwest
Rochester, Minnesota 55901

Attn: Brett Grabau (Brett.Grabau@stantec.com)

RE: Proposal for Geotechnical Exploration Services
Dairyland Power Utility Extension
Harmony, Minnesota

Dear Mr. Grabau:

American Engineering Testing, Inc. is pleased to offer you subsurface exploration, and laboratory testing services for the proposed Dairyland Power Utility Extension Improvements project in Harmony, Minnesota. This letter is intended to define our scope of services, and to present you with our fee, our anticipated schedule, and other information regarding our services.

PROPOSED CONSTRUCTION

Our understanding of this project is based upon your email we received on February 27, 2021. We understand that the city of Harmony, Minnesota is developing plans to reconstruct portions of Wickett Drive and extend utilities to service a new Dairyland Power facility on the north side of town. Details regarding the utility depths and street grades were not provided to us, and geotechnical engineering recommendations for street pavement section design and trench excavation/backfill were not requested.

SCOPE OF SERVICES

Geotechnical Field Exploration

Based upon our review of the RFP, our field exploration will consist of the following per your request:

- Clear underground public utilities at the requested boring locations through the Gopher State One Call system.
- Drill and sample 6 flight auger soil borings, near the locations shown on the attached figure prepared by Stantec. Each boring will be drilled to a depth of 14½ feet or auger refusal, whichever is shallower.
- Measure groundwater levels observed within the boreholes during drilling.
- Maintain field logs noting the methods of drilling and sampling, preliminary soil classification, and observed groundwater levels.

This document shall not be reproduced, except in full, without written approval of American Engineering Testing, Inc.

1937 7th Street NW, Suite 1 • Rochester, MN 55901 • 507-281-3547

Duluth - Mankato - Marshall - Rochester - Wausau - Rapid City - Pierre - Sioux Falls

AN AFFIRMATIVE ACTION AND EQUAL OPPORTUNITY EMPLOYER

- Seal representative portions of recovered samples in jars to prevent moisture loss and submit the samples to our laboratory for review, testing, and final classification.
- Backfill the borings as required by the Minnesota Department of Health.

Each boring will be drilled using 6-inch flight augers. Disturbed soil samples of representative materials will be collected directly from the auger flights.

Upon completion of each boring the boreholes will be backfilled using cuttings. Pavement surfaces will be patched using similar materials to the existing pavements. Some surface subsidence should be expected for these borings as the cuttings become saturated and consolidate. We will maintain the ground conditions to the best of our ability while on site. However, we will not be responsible for maintaining the surface conditions after we leave the site. AET cannot accept responsibility for pedestrian injury after our field work is completed.

To avoid state permitting and traffic control for shoulder work, the requested boring near the intersection of TH 52 and CSAH 22 will be drilled in the ditch west of TH 52. Given the desired schedule, we have assumed all-terrain drilling equipment will be needed to access that location. We will strive to maintain the ground surface conditions during our field exploration, though we will not be responsible for repairing the ground surface.

Underground Utilities

Before we drill, we will contact Gopher State One Call to locate public underground utilities. Gopher State One Call does not currently charge for this service, but they will not locate private underground utilities or structures. Examples of private utilities include, but are not limited to, propane lines, sewer laterals, sprinkler systems, site lighting, and electric and data lines between buildings. **Gopher State One Call indicates that the property owner is responsible for locating all private underground utilities and structures.** Please provide us with any maps, plans and records showing the location of all private utilities and structures.

We can provide you with names and contact information for private utility locators. These companies usually charge a fee for their services. Also, please note that private locators cannot guarantee that all private utilities will be located. For the private locator to be accurate and effective, the property owner must provide maps, plans and records showing the location of all private utilities and structures. The property owner must also provide a knowledgeable site representative to meet with the private locator and AET personnel.

AET shall be entitled to rely upon the accuracy of all location information supplied by any source. We will not be responsible for any damages to underground utilities or structures not located or incorrectly identified by the property owner, any maps, plans or records, or public or private utility locator providers.

Soil Laboratory Testing

Upon completion of the field exploration, we will initiate routine laboratory testing by reviewing each recovered soil sample to assess the major and minor soil components, while also noting the color, degree of saturation, and lenses or seams in the samples. We will test each recovered soil sample for water content, and selected jar samples for sieve analysis tests as deemed necessary.

On completion of testing, we will visually/manually classify each sample on the basis of texture and plasticity in accordance with the Unified Soil Classification System.

Deliverables

Upon completion of the field exploration and laboratory test program, we will prepare a summary letter in which we will present the final boring logs and summarize the field and laboratory methods used to arrive at our geologic determinations. No engineering opinions or recommendations will be included with this letter.

SCHEDULE

Geotechnical Services

Pending weather and coordination/permitting efforts with Stantec, we anticipate our field exploration can begin within 3 weeks of receiving written authorization to proceed. The field exploration will take 1 day to complete. Our report can be completed within 1 week of completion of drilling.

FEES

Geotechnical Services

Our fees related to delivering the geotechnical engineering report will be invoiced upon completion on a lump sum basis. For the services outlined herein, we propose a fee of \$2,950.00.

TERMS AND CONDITIONS

All AET Services are provided subject to The Terms and Conditions listed in the Master Services Subconsultant Agreement between Stantec and AET, dated March 28, 2012 and revised/renewed in December of 2017.

ACCEPTANCE


We request written acceptance of this proposal in the Proposal Acceptance box below, but the following actions shall constitute your acceptance of this proposal together with the Terms and Conditions and Amendments: 1) issuing an authorizing purchase order for any of the Services described above, 2) authorizing AET's presence on site or 3) written or electronic notification for AET to proceed with any of the Services described in this proposal. Please indicate your acceptance of this proposal by signing below and returning a copy to us. When you accept this proposal, you represent that you are authorized to accept on behalf of the Client.

REMARKS

This proposal is presented in electronic (PDF) form. This proposal is valid for a period of 60 days. We appreciate the opportunity to submit this proposal to you and look forward to working with you on this project. If you have any questions regarding our services, or need additional information, please do not hesitate to contact us.

Sincerely,
American Engineering Testing, Inc.


Jacob L. Heimdahl, PE
Geotechnical Engineer
(507) 281-3547
jheimdahl@amengtest.com


Stephen L. Mullen, PE
Branch Manager / Senior Engineer
(507) 281-3547
smullen@amengtest.com

Attachments: Figure 1 – Requested Boring Locations (prepared by Stantec)

AET PROPOSAL ACCEPTANCE	
Signature _____	Date _____
Printed Name _____	
Title _____	
Representing _____	

REVOLVING LOAN FUND

Loan Proposal (as requested by applicant)

Applicant: Becky Hoff
Bee Balm/SRH LLC
65 Main North
Harmony, MN 55939
507-923-1765

Loan Terms: Amount of Loan: \$25,000
Rate: 3.25% APR fixed
Term: 10 years (120 payments)
Other: Applicant has paid \$300 application fee.

Purpose: To purchase and renovate the multi-unit commercial building at 65 Main North, Harmony.

The EDA's loan proceeds will be used to pay for:

<u>Acquisition</u>	\$ 25,000
Total	\$ 25,000

Security:

- 2nd mortgage on real estate financed.
- Personal guarantee from borrower.

Uses of Funds:	Acquisition	\$150,000
	<u>Renovations</u>	\$ 25,000
	Total:	\$175,000

Sources of Funds:	Owner Equity:	\$ 17,500	(10%)
	Bank Loan:	\$132,500	(75%)
	<u>EDA Loan:</u>	\$ 25,000	(15%)
	Total:	\$175,000	(100%)

Repayment: Fully amortized at 120 monthly payments of \$244.30. All payments will first be credited towards outstanding interest and the balance towards principal. The loan may be prepaid in whole or in part without penalty or premium.

First payment to be scheduled approximately 45 days after first draw.

Payments are to be made by ACH, per guidelines.

Jobs: N/A

Closing Date: On or around April 1, 2021.

Harmony EDA Minutes

March 4, 2021
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Steve Donney, Andy Batstone, Steve Sagen, and Greg Schieber

Also Present: Julie Lange, Becky Hoff, Devin Swanberg, and Chris Giesen

The regular meeting was called to order at 7:30 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the February 4, 2021 meeting. Motion by Donney, second by Sagen to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. Giesen noted that the Oak Meadow Meats loan was paid in full as of the first of the month. There were no claims for payment.

Loan Request: Bee Balm

Giesen presented a request from Becky Hoff, owner of Bee Balm for an EDA loan. Hoff is requesting \$25,000 to assist with the purchase of the former "D&D Building" downtown. In addition to expanding her business, she will be renovating the building and there are also several units in the building for other tenants. The term request is 10 years at a rate of 3.25% fixed. Hoff was present to discuss her project and answer questions. The loan committee reviewed the particulars of the request and recommend approval. Motion by Donney, second by Schieber to recommend that city council approve the loan as requested. Motion carried unanimously.

Dairyland Harmony Outpost Project

Giesen outlined the status of the Dairyland project. He said that the details of the assistance package have been worked out and are agreeable to staff and Dairyland and that the new project site has been deemed suitable by Dairyland.

Swanberg and Giesen outlined the project for the board. Giesen said that in order for the project and assistance package to move forward the city council will need to approve two agreements after two public hearings; a business subsidy agreement because the assistance provided is greater than \$150,000 and a development agreement which details all of the project aspects between the city and developer. Giesen said that in order to make the site developable, water and sewer needs to be extended to the site. This will cost about \$630,000. He had secured a \$285,000 grant from the State of Minnesota to assist with this cost, which was the maximum allowable grant for this particular project. Under the deal, the developer agrees to pay for \$315,000 of the water and sewer project.

In addition, a TIF district would be created to assist with site development costs. TIF would total about \$315,000 and would be structured as a "cost swap" with the developer for water and sewer costs as the water and sewer were not specifically TIF-eligible in this project. The city would agree to pay \$315,000 amount to the developer once the building is completed and immediately after the developer pays \$315,000 for the sewer and water extension. The net effect, Giesen said, would honor the original agreement with the developer to provide the side with water and sewer service at no charge to the developer.

Giesen said that the city would be exposed to a \$30,000 expense to cover the difference of what TIF and the grant would not fund but noted that project costs may come in lower and TIF revenue may be higher. He mentioned that the developers agree to a minimum property assessment of \$2,000,000 but that the county estimates a final taxable value of about \$2,400,000.

The board reviewed the proposed business subsidy agreement and development agreement; discussing at length. Consensus of the board was that the project would be very positive for the community and that they were happy to see it move forward.

Motion by Batstone, second by Sagen to recommend that the city council approve the business subsidy agreement with Dairyland Power Cooperative as proposed. Motion carried unanimously.

Motion by Donney, second by Batstone to recommend that the city council approve the development agreement with Dairyland Power Cooperative as proposed. Motion carried unanimously.

Industrial Park Prospect

Giesen discussed a potential industrial park prospect that was interested in purchasing what is referenced in planning documents as "Lot C", which is the lot in Phase II north of the Antique Mall. Julie Lange was present to discuss her prospective micro hotel idea with the board. She would like to purchase Lot C to build a 9 room hotel facility but in order to do so, the board would have to extend public infrastructure to the site. Giesen noted that in 2020 the city engineer estimated construction costs of about \$365,000 to extend infrastructure to this particular site, plus engineering costs.

The board was supportive of Lange's project and requested that staff work with the city engineer to look at costs and options. In addition, the board asked to look at costs and options for the other unfinished elements of the industrial park as well given the favorable interest rate climate and need to complete certain infrastructure projects in the industrial park.

2021 Goals and Objectives

Kingsley asked the board to discuss potential goals and objectives; continuing the discussion from the prior meeting. Schieber suggested that perhaps commercial rehabilitation could be a priority as many buildings were in need of expensive repairs. The board agreed with his suggestions. It was noted that the small cities block grant application could help with some of the issues discussed, but that other resources and opportunities should also be explored. Suggested opportunities to assist with commercial rehabilitation included a rebate program similar to the new home rebate program, continuing the existing loan programs, and potentially focusing on redeveloping or fixing specific buildings that are in most need.

Giesen suggested a long term priority might be to set a population goal for the 2030 census. He said that in 2010 Harmony's population was 1,020 and that while we're still waiting for the 2020 census results, it might be a worthwhile exercise to set a population/growth goal to guide our next ten years.

Donney suggested that the board look at opportunities to diversify the age demographics of the community.

Kingsley asked to keep this discussion going for the next meeting and to have staff develop ideas and next steps for such a discussion.

Chamber of Commerce Report

There was no chamber report.

2021 Joint Board Meeting

Giesen said that he had spoke with the superintendent and that he suggested a joint board meeting in either June or July. Giesen will move forward to coordinate the meeting.

Prospects/Community Update

Giesen reported that he was working with several prospects over the last month. He also reported that he was notified by the DNR that the preliminary trail design had been completed. This was welcomed news as it was thought that the delay to finalize the DNR trail plan might cause delays in the design process. Giesen and Schieber will be working with the DNR to secure temporary construction easements in a few locations along the corridor where the trail is particularly narrow.

Sagen reported that he had followed up on the electric vehicle charging station discussion and received a quote for installing a dual vehicle 80 amp station. He said that he had spoken with the neighboring property owner at the visitor center location that was discussed at the last meeting. In this discussion, Sagen learned that the location discussed at the last meeting was in fact not on city property. Sagen spoke with Morem Electric and through that conversation it was suggested that perhaps along the alley behind the bank might be a better and more economical location as installation would be much easier with a nearby transformer. The board concurred with Sagen's suggestion. Sagen reported that the cost of installing a 200 amp electric service, a connection point for one charger, a cement pad, and protective bollard would be \$4,250. To install a second connection point, the cost would increase by \$1,950. Sagen said that the 200 amp service can handle two charging stations, which would charge four cars simultaneously without throttling the charge when multiple cars are charging. With the 200 amp service the city could install only one charger at this time and easily add on in the future, if it wished. The board discussed. No action was taken, Sagen said he would continue to move this project forward and work with staff and the public utility committee.

Swanberg reported that he had received information from Waste Management on the proposed trash and treasure day event. He said that it was something that could be done and that he would work with the chamber and council to solidify the logistics of the event. The board thanked Swanberg for following up.

Other Business

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:42 AM.

The next regular meeting is scheduled for April 1, 2021 at 7:30 AM at the Community Center.