

**CITY OF ANNANDALE  
COUNCIL SPECIAL MEETING AGENDA  
City Council Chamber, 30 Cedar Street East**

**Meeting #17  
Special Meeting**

**October 17, 2022  
7:00 PM**

**Mayor: Shelly Jonas  
Councilmember's: Matthew Wuollet  
Corey Czycalla  
JT Grundy  
Tina Honsey**

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**1. CALL TO ORDER/ROLL CALL/ADOPT AGENDA**

**2. PUBLIC HEARING**

A. [Willow of Annandale TIF](#)

**3. NEW BUSINESS**

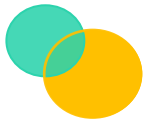
- A. [Resolution of Final Plat- Willows of Annandale](#)
- B. [Ordinance Amending Council/Commission Pay](#)
- C. [Use of City Logo](#)
- D. [Quotes for City Hall Improvements](#)
- E. [Approve Renewal for Health Insurance](#)

**4. ADJOURNMENT**

# CITY OF ANNANDALE

## REQUEST FOR COUNCIL ACTION

Originating Department: <b>Administration</b>	Meeting Date: <b>October 17, 2022</b>	Agenda No. <b>2A</b>
Agenda Section: <b>Public Hearing</b>	Item: <b>Creation of TIF 16</b>	
<b>SITE INFORMATION &amp; BACKGROUND</b>		
<b>PID:</b>	102-500-311200	
<b>Legal Description:</b>	Unplatted Land	
<b>Zoning District:</b>	Ag	
<b>Comprehensive Plan:</b>	Multifamily Residential	
<b>Surrounding Site Use:</b>	North: Pintail Ponds PUD East: Corinna Township – Agriculture South: Corinna Township – Agriculture West: Corinna Township – Agriculture	
<b>Planning Case Number:</b>	2022-07	
<b>BACKGROUND</b>		
<p>The Willows of Annandale, LLC (Gary Stang) has been working on the potential development of a 90-unit apartment project within the City. The Developer has requested a housing tax increment financing district (TIF) to assist with costs associated with site improvements, grading, utilities, parking/sidewalks, and landscaping for the proposed development.</p> <p>David Drown Associates has completed the analysis for the proposed modification to the municipal development district and establishment of the proposed TIF district.</p>		
<b>STAFF RECOMMENDATION</b>		
<p>Adopt Resolution for tax increment plan and authorizing the execution of a development agreement with The Willows of Annandale, LLC</p>		
<b>Attachments:</b>		
<ul style="list-style-type: none"><li>A. David Drown Associates, Inc. Letter dated October 12, 2022</li><li>B. Resolution, Approving the Modification of Municipal Development District No. 1 and the Creation of Tax Increment Financing District No. 1-16</li><li>C. Development Agreement</li><li>D. Modification of Municipal Development District No. 1 &amp; Tax Increment Financing District No. 1-16</li></ul>		



# DDA

**David Drown Associates, Inc.**  
**Public Finance Advisors**

Cologne Office:  
10555 Orchard Road  
Cologne, MN 55322  
Phone: (952) 356-2992  
shannon@daviddrown.com

October 12, 2022

City of Annandale

Attn: Kelly Hinnenkamp, City Administrator

Attn: Jacob Thunander, Community Development Director

P.O. Box K

Annandale, MN 55302

**RE: Proposed Tax Increment Financing District 1-16  
The Willows of Annandale Project**

Honorable Mayor, Council Members, Administrator Hinnenkamp, and Director Thunander:

The Willows of Annandale, LLC (the "Developer") represented by Gary Stang has been working on the potential development of a 90-unit apartment project within the City. The Developer has requested tax increment financing assistance (TIF) for costs associated with site improvements, grading, utilities, parking/sidewalks, and landscaping for the proposed development (eligible expenditures).

Tax Increment Financing or TIF is a tool that captures new property taxes that are generated because of new development that occurs within the boundaries of a designated TIF District. For the proposed housing project, this capture period can extend for up to 26-years. The city is proposing to limit the subsidy to the Developer to 95% of the captured tax increment for a term of 17-years commencing with taxes payable 2025. The proposed subsidy shall not exceed 17-years of reimbursement or a total of \$2,850,000.

A housing tax increment financing district requires the implementation of certain income restrictions for rental housing projects which in this instance shall include the following:

*At least 20% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County median income.*

The limits described above must be satisfied through the term of the agreement.

Copies of the tax increment plan have been distributed to Wright County and the Annandale School District in advance of the public hearing. Following the public hearing the City Council will be asked to consider a resolution adopting a tax increment plan and authorizing the execution of a development agreement with The Willows of Annandale, LLC (documents attached).

A summary of the terms in the development agreement includes the following:

The City will agree to the following:

1. The City shall create a Housing TIF District 1-16 for the purpose of providing paygo TIF assistance (reimbursement of tax increments) to the Developer. The assistance shall consist of the reimbursement of 95% of the available tax increment. Said assistance

shall not exceed \$2,850,000 and be evidenced by paid invoices for eligible expenditures.


The duration of the subsidy shall not exceed 17-years of tax increment collection commencing August 1, 2025.

Developer will agree to the following:

1. Start construction of the project by June 1, 2023 and substantially complete construction by December 31, 2024. The project shall be constructed according to plans and specifications that are approved by the City.
2. It is anticipated that through a separate development agreement for the project executed prior to the award of a construction contract for public streets and utilities, the Developer shall submit a petition to be assessed 100% of the project costs for the construction of said improvements. The assessment term will be 20-years at an interest rate that is 1.5% higher than the interest rate on bonds issued by the City to finance the public improvements. A default on the special assessment payments will be a default on the PAYGO TIF agreement at which point the City will retain the increments for the purpose of making debt service payments on bonds issued to pay for the public improvements.
3. Developer shall enter into a minimum assessment agreement with the City and County establishing a minimum market value of \$11,150,000 for the duration of the proposed special assessments.
4. Make all property tax and public utility payments on time and in full.
5. Agree to lease 20% of the units to families below 50% of area median income. Developer must certify compliance with this provision semi-annually for the duration of the special assessment payments.

Please feel free to contact me if I can be of any assistance in answering questions regarding the information provided. Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script, reading "Shannon Sweeney".

Shannon Sweeney, Associate  
David Drown Associates, Inc.

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

HELD: October 17, 2022

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Annandale, Wright County, Minnesota, was duly called and held on the 17<sup>th</sup> day of October, 2022, at 7:00 p.m.

The following members of the City Council were present:

And the following were absent:

Member Jonas introduced the following resolution and moved its adoption:

**RESOLUTION NO. 22-\_\_**

APPROVING THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 1,  
THE ADOPTION OF THE MODIFIED DEVELOPMENT PLAN RELATING THERETO,  
THE CREATION OF TAX INCREMENT FINANCING DISTRICT NO. 1-16 WITHIN MODIFIED  
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 Annandale, Minnesota (the "City"), modify Municipal Development District No. 1 and the Development Program relating thereto, and create Tax Increment Financing District No. 1-16 within modified Municipal Development District No. 1 and adopt a tax increment financing plan relating 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 Annandale has investigated the facts and has caused to be prepared the modified development program for Development District No. 1, and a tax increment financing plan for Tax Increment Financing District No. 1-16; and
- C. The City has performed all actions required by law to be performed prior to the modification of Development District No. 1, adoption of the modified Development Program relating thereto, creation of Tax Increment Financing District No. 1-16 within modified Municipal Development District No. 1 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Wright County and Annandale Independent School District 876, having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-16, and the holding of a public hearing upon published notice as required by law.

;

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

1. Municipal Development District No. 1 and Tax Increment Financing District No. 1-16 within Municipal Development District No. 1. The City hereby approves the modification of Municipal Development District No. 1 and the adoption of the Development Program relating thereto and the establishment of Tax Increment Financing District No. 1-16 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 are adopted as the tax increment financing plan for Tax Increment Financing District No. 1-16 and the City makes the following findings:

- (a) Tax Increment Financing District No. 1-16 is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11:

Criteria for this type of district is described in Section 12 of the Tax Increment Financing Plan. The City will ensure all development is in compliance with income limits.

- (b) The proposed development, in the opinion of the City, would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-16 permitted by the Tax Increment Financing Plan.

The project developer has indicated that TIF assistance is necessary to control certain development costs such that reasonable unit rents can be achieved which will enable the developer to secure private financing and provide rental housing services at prices generally accepted in the Annandale housing market. Without assistance, the developer believes that the project will not be able to achieve final pricing that will enable the developer to be successful.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis indicates that:

1. The increase in estimated market value of the proposed developments is \$22,197,200; and
2. The present value of expected tax increments collected over the maximum duration of the TIF District is \$4,220,666; and
3. The expected increased estimated market value of the site without the use of tax increment is \$1,200,000, assuming the land is developed for single-family residential purposes.

- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-16 conforms to the general plan for development or redevelopment of the City of Annandale as a whole.

The reasons and facts supporting this finding are that the housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances, 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 Annandale as a whole, for the development of Tax Increment Financing District No. 1-16 by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within Municipal Development District No. 1.

3. Public Purpose. The adoption of the 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, 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. Authorization of Interfund Loan. The City hereby authorizes internal funding in a principal amount equal to all Project costs listed in the TIF Budget. Funds will be provided from the General Fund, repaid over the term of the TIF District, and include interest at a fixed rate of 4.0%. (This interest rate is the greater of the rates specified under Minnesota Statutes 270C.40 and 549.09.)
5. Certification. The Auditor of Wright County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-16 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 Financing District No. 1-16 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Authorization for Execution of TIF Agreement. The Mayor and City Administrator are hereby authorized to execute of development (TIF) agreement for the provision of tax increment financing assistance between the City of Annandale and The Willows of Annandale, LLC.
7. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with the Commissioner of Revenue and the 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       )  
CITY OF ANNANDALE       ) SS  
COUNTY OF WRIGHT       )

I, the undersigned, being the duly qualified and acting Administrator of the City of Annandale, 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. 1-16 within modified Municipal Development District No. 1 in the City.

WITNESS my hand this 17th day of October, 2022.

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City Administrator



TIF DEVELOPMENT AGREEMENT  
BY AND BETWEEN

THE CITY OF ANNANDALE, MINNESOTA  
AND  
THE WILLOWS OF ANNANDALE, LLC

This document drafted by:

TAFT STETTINIUS & HOLLISTER LLP (MLI)  
Professional Association  
2200 IDS Center  
80 South 8th Street  
Minneapolis, Minnesota 55402

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## TIF DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 17th day of October, 2022, by and between the City of Annandale, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and The Willows of Annandale, LLC, a Minnesota limited liability company (the "Developer"),

### WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, as amended, the City has heretofore established Municipal Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City is establishing as of the date hereof, within the Development District, Tax Increment Financing District No. 1-16 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement pursuant to an exemption for housing.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

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

Bonds means the General Obligation Improvements Bonds, including any refunding bonds, to be issued by the City to finance the Public Improvements;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Annandale, Minnesota;

Compliance Certificate means the Compliance Certificate in substantially the form attached hereto as Exhibit D;

County means Wright County, Minnesota;

Developer means The Willows of Annandale, LLC, a Minnesota limited liability company, its successors and assigns;

Development Agreement means that certain agreement, dated October \_\_, 2022, between the City and the Developer, relating to the construction of the Project and the Public Improvements;

Development District means Municipal Development District No. 1 heretofore established, including the real property described in the Development Program;

Development Program means the development program approved in connection with the Development District, as modified;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the establishment of the Tax Increment District and the preparation of this Agreement and the issuance of the TIF Note;

Note Payment Date means August 1, 2025, and each February 1 and August 1 of each year thereafter to and including February 1, 2042; provided, that if any such Note Payment Date

should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Public Improvements means the construction and installation of street and utility improvements, all to serve the Development Property and Project as described in the Development Agreement;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of a 90-unit multi-family rental housing facility;

Site Improvements means the site improvements undertaken or to be undertaken on the Development Property, more particularly described on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 1-16 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a housing district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on October 17, 2022, and any future amendments thereto;

Tax Increments means 95% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Termination Date means the date the Bonds are paid in full;

TIF Note means the Tax Increment Revenue Note (The Willows of Annandale, LLC) to be executed by the City and delivered to the Developer pursuant to Article III hereof, a form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) Based on the representation of the Developer set forth in Section 3.4 below, the Tax Increment District is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the construction of the Site Improvements incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder, and doing so will not violate its articles of incorporation, bylaws, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(4) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of,

the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(5) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(6) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(7) Construction shall begin by June 1, 2023, and the construction of the Project will be substantially completed by December 31, 2024, subject to Unavoidable Delays.

(8) The Developer will obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the construction of the Site Improvements as provided in Article III.

(10) The Developer shall not seek a reduction in the market value as determined by the County Assessor of the portions of the Project or other facilities, if any, that it constructs on the Development Property determined to be taxable by the County Assessor for so long as the TIF Note remains outstanding.



## ARTICLE III

### UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Site Improvements. The parties agree that the construction and installation of the Site Improvements are essential to the successful completion of the Project. The costs of the construction of Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$2,850,000, or (b) the actual costs of the construction of Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

Section 3.2 Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

Section 3.3 Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the construction of the Site Improvements through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have (i) demonstrated in writing to the reasonable satisfaction of the City that the construction of the Site Improvements has been completed and that the Developer has incurred and paid the costs of the construction of the Site Improvements, as described in Section 3.1, and (ii) shall have submitted paid invoices for the costs of construction of the Site Improvements in an amount not less than the Reimbursement Amount.

(2) The principal amount of the TIF Note shall be payable solely from the Tax Increments.

(3) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal outstanding on the TIF Note, the Tax Increments received by the City during the preceding 6 months. All such payments shall be applied to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note

and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

#### Section 3.4 Compliance with Low and Moderate Income Requirements.

(1) The City and the Developer understand and agree that the Tax Increment District will constitute a "housing district" under Section 469.174, Subd. 11 of the Tax Increment Act. Accordingly, in compliance with Section 469.1761, Subd. 3 of the Tax Increment Act, the Developer agrees that the Project must satisfy, or be treated as satisfying, the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The parties further agree that no more than 20% of the square footage of the Project may consist of commercial, retail, or other nonresidential uses. The Developer must meet the above requirements as follows:

(A) At least 20% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County median income; and

(B) The limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

(2) On or before each January 1 and July 1, commencing on July 1, 2024, the Developer or an agent of the Developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the Developer covering the preceding six (6) months together with written evidence satisfactory to the City of compliance with the covenants in this Section. This evidence must include a statement of the household income of each qualifying renter, a written determination that each qualifying renter's household income falls within the qualifying limits of this Section (and Section 142(d) of the Internal Revenue Code), and certification that the income documentation is correct and accurate (and that the determination of qualification was made in compliance with Section 142(d) of the Internal Revenue Code). The City may review, upon request, all documentation supporting the Developer submissions and statements. In determining compliance with this Section, the Developer must use the County median incomes for the year in which the payment is due on the TIF Note, as promulgated by the Minnesota Housing Finance Agency based on the area median incomes established by the United States Department of Housing and Urban Development.

Section 3.5 Legal and Administrative Expenses. The Developer shall pay all Legal and Administrative Expenses incurred by the City.

Section 3.6 Execution of Assessment Agreement. Simultaneously with the execution of this Agreement, the Developer and the City shall execute an Assessment Agreement pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 8, specifying the Assessor's Minimum Market Value for the Development Property and the Project for calculation

of real property taxes. Specifically, the Developer shall agree to a market value for the Development Property and the Project which will result in a market value as of January 2, 2025 of not less than \$11,150,000 until the date the Bonds are paid in full (such minimum market value at the time applicable is herein referred to as the "Assessor's Minimum Market Value"). Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign a market value to the property in excess of such Assessor's Minimum Market Value. The Assessment Agreement shall remain in effect until the date the Bonds are paid in full. The Assessment Agreement shall be certified by the Assessor for the County as provided in Minnesota Statutes, Section 469.177, Subdivision 8, upon a finding by the Assessor that the Assessor's Minimum Market Value represents a reasonable estimate based upon the plans and specifications for the Public Improvements. Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of Wright County, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property (or part thereof), whether voluntary or involuntary, and such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage recorded against the Development Property.

**Section 3.7    Prohibition Against Transfer of Project and Assignment of Agreement.**

The Developer represents and agrees that prior to the Termination Date of this Agreement the Developer shall not transfer the Project or any part thereof or any interest therein, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(2) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Project.

**Section 3.8    Public Improvements.** The City shall undertake the construction of the Public Improvements and the issuance of the Bonds upon receipt from the Developer of (1) an executed Development Agreement and (2) an executed 100% Petition for Improvements and Waiver of Appeals regarding the Public Improvements in the form set forth in the Development Agreement. The City shall assess the amount of the Bonds to the Development Property and the special assessment amount and the assessment term shall be for the years and amounts identified in the City resolution issuing the Bonds at an interest rate that is 1.5% higher than the interest rate on the Bonds to be issued by the City to finance the Public Improvements.

## ARTICLE IV

### EVENTS OF DEFAULT

Section 4.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes, special assessments or other City charges with respect to the Development Property when due and payable.

(2) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement and the Development Agreement.

(3) Failure of the Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement and the Development Agreement.

(4) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(5) If the Developer shall:

(A) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(B) make an assignment for the benefit of its creditors; or

(C) admit in writing its inability to pay its debts generally as they become due;  
or

(D) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6 Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City

in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as a "housing district" under Section 469.174, Subdivision 11, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4d.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

## ARTICLE V

### DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1 The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2 Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2, or to make any further payments on the TIF Note.

## ARTICLE VI

### ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that during the term of this Agreement the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a multi-family rental housing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3 Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

The Willows of Annandale, LLC  
Attention: \_\_\_\_\_  
21425 19th Ave E  
Clearwater, MN 55320

- (2) in the case of the City is addressed to or delivered personally to the City at:

City of Annandale, Minnesota  
Annandale City Hall  
PO Box K  
30 Cedar Street East  
Annandale, MN 55302-0136



with a copy to:

Taft Stettinius & Hollister LLP  
Attention: Mary Ippel  
2200 IDS Center  
80 South 8<sup>th</sup> Street  
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7 Expiration. This Agreement shall expire on the Termination Date.

Section 6.8 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9 Assignment of Agreement and TIF Note. This Agreement may be assigned only with the consent of the City which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Developer has caused this Agreement to be duly executed on its behalf, on or as of the date first above written.

CITY OF ANNANDALE, MINNESOTA

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its Administrator

This is a signature page to the TIF Development Agreement by and between the City of Annandale, Minnesota and The Willows of Annandale, LLC.

THE WILLOWS OF ANNANDALE, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

This is a signature page to the TIF Development Agreement by and between the City of Annandale, Minnesota and The Willows of Annandale, LLC.

## EXHIBIT A

### DESCRIPTION OF DEVELOPMENT PROPERTY

Property located in the City of Annandale, Wright County, Minnesota with the following description:

Parcel Identification Number(s)

[Insert]

EXHIBIT B

FORM OF TIF NOTE

No. R-1

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF WRIGHT  
CITY OF ANNANDALE

TAX INCREMENT REVENUE NOTE  
(THE WILLOWS OF ANNANDALE, LLC)

The City of Annandale, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to The Willows of Annandale, LLC (the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$2,850,000 as provided in that certain TIF Development Agreement, dated as of October 17, 2022, as the same may be amended from time to time (the "TIF Development Agreement"), by and between the City and the Developer. This Note bears no interest.

The amounts due under this Note shall be payable on August 1, 2025, and on each February 1 and August 1 thereafter to and including February 1, 2042, or, if the first should not be a Business Day (as defined in the TIF Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall be applied to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of tax increments (the "Tax Increments") from the Development Property (as defined in the TIF Development Agreement) within the City's Tax Increment Financing District No. 1-16 (the "Tax Increment District") within its Municipal Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the TIF Agreement under Section 4.2(2) thereof or the Developer shall have terminated the TIF

Agreement under Article V thereof, the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the TIF Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the TIF Development Agreement the City elects to cancel and rescind the TIF Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City, which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Annandale, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Administrator and has caused this Note to be dated as of \_\_\_\_\_, 20\_\_\_\_.

---

Administrator

---

Mayor

**DO NOT EXECUTE UNTIL PAID INVOICES OR OTHER EVIDENCE OF PAYMENT  
FOR SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION  
3.3(1).**

## CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of The Willows of Annandale, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF  
REGISTERED OWNER

DATE OF  
REGISTRATION

SIGNATURE OF  
ADMINISTRATOR

The Willows of Annandale, LLC  
21425 19th Ave E  
Clearwater, MN 55320

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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## EXHIBIT C

### SITE IMPROVEMENTS

Landscaping, including irrigation  
Foundations and Footings  
Grading/earthwork  
Survey  
Environmental Testing  
Soil Borings  
Site Preparation  
Onsite Utilities and Utility Connection Fees  
Storm Water/Ponding  
Outdoor Lighting  
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements  
Parking

EXHIBIT D

COMPLIANCE CERTIFICATE

The undersigned The Willows of Annandale, LLC, does hereby certify that as of the date of this Certificate and for the previous six (6) months prior to the execution of this Certificate not less than 20% of the residential units in The Willows of Annandale, LLC project located at \_\_\_\_\_ in Annandale, Minnesota (the "Project") were occupied by individuals whose income is 50% or less of the Wright County median income.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

THE WILLOWS OF ANNANDALE, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

[Attach income verification required by Section 3.4]

## EXHIBIT E

### FORM OF ASSESSMENT AGREEMENT

THIS AGREEMENT, dated as of this 17th day of October, 2022, is by and among the City of Annandale, Minnesota (the "City"), and The Willows of Annandale, LLC, a Minnesota limited liability company (the "Developer").

#### WITNESSETH

WHEREAS, the City and the Developer have entered into a TIF Development Agreement dated as of October 17, 2022 (the "TIF Development Agreement") regarding certain real property located in the City (the "Development Property") which property is legally described on Exhibit A attached hereto and made a part hereof.

WHEREAS, it is contemplated that pursuant to said Agreement, the Developer will construct a Project on the Development Property as described in the TIF Development Agreement.

WHEREAS, the City and Developer desire to establish a minimum market value for the Development Property and the improvements constructed or to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177, Subdivision 8.

WHEREAS, the Developer has acquired the Development Property.

WHEREAS, the Wright County Assessor (the "Assessor") has reviewed the plans and specifications for the improvements and the market value previously assigned to the land upon which the improvements are to be constructed, and that the "minimum market value" as set forth below is reasonable.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. As of January 2, 2025 the minimum market value which shall be assessed for the Development Property and the Project shall be not less than \$11,150,000.
2. The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on the date the Bonds, as defined in the TIF Development Agreement, are paid off in full.
3. This Agreement shall be recorded by the Developer with the County Recorder of Wright County, Minnesota. The Developer shall pay all costs of recording.
4. Neither the preamble nor provisions of this Agreement are intended to, or shall they be construed as, modifying the terms of the Agreement between the City and the Developer.

5. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

IN WITNESS WHEREOF, the City, the Developer and the Assessor have caused this Agreement to be executed in their names and on their behalf all as of the date set forth above.

CITY OF ANNANDALE, MINNESOTA

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Administrator

STATE OF MINNESOTA    )  
  ) ss  
COUNTY OF WRIGHT    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, the Mayor, and \_\_\_\_\_, the City Administrator of the City of Annandale on behalf of said City.

\_\_\_\_\_  
Notary Public

Signature page for Assessment Agreement by and between the City of Annandale, Minnesota and The Willows of Annandale, LLC.

THE WILLOWS OF ANNANDALE, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF                    )  
                                  ) ss.  
COUNTY OF                )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, the \_\_\_\_\_ of The Willows of Annandale, LLC, a Minnesota limited liability company, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

Signature page for Assessment Agreement by and between the City of Annandale, Minnesota and The Willows of Annandale, LLC.

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed certain construction plans for the Project, and the market value assigned to the Project and the Development Property, as described in the Assessment Agreement, dated as of October 17, 2022, by and between the City of Annandale, Minnesota, and The Willows of Annandale, LLC, to which this certification is attached, states as follows:

Legal Description of Property: [\_\_\_\_\_].

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and Project are reasonable.

Nothing herein shall limit the discretion of the undersigned assessor or any other public official or body having the duty to determine the market value of the above-described Project and Development Property for ad valorem tax purposes, to assign to such Project and Development Property a market value in excess of the minimum market value specified above and in the Assessment Agreement.

All capitalized but undefined terms herein are assigned definitions as provided in that certain TIF Development Agreement, dated as of October 17, 2022, by and between the City of Annandale, Minnesota, and The Willows of Annandale, LLC.

\_\_\_\_\_  
Assessor  
Wright County, Minnesota

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF WRIGHT    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, the Assessor for the County of Wright, Minnesota.

\_\_\_\_\_  
Notary Public

## CONSENT TO ASSESSMENT AGREEMENT

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_ (the "Bank"), does hereby consent to all terms,  
conditions and provisions of the foregoing Assessment Agreement and agrees that, in the event it  
purchases the Development Property at a foreclosure sale or acquires the Development Property  
through a deed in lieu of foreclosure or otherwise in satisfaction of the indebtedness owed by the  
Developer, it and its respective successors and assigns, shall be bound by all terms and  
conditions of the Assessment Agreement, including but not limited to the provision which  
requires that the minimum market value of the Development Property and the Project shall be  
not less than the amounts set forth in the Assessment Agreement.

IN WITNESS WHEREOF, we have caused this Consent to Assessment Agreement to be executed in its name and on its behalf as of this \_\_\_\_ day of \_\_\_\_\_, 2022.

---

By \_\_\_\_\_

Its \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ banking corporation on behalf of the corporation.

Notary Public

EXHIBIT A TO ASSESSMENT AGREEMENT  
LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

[Insert]



# DRAFT

## **City of Annandale, Minnesota**

### **Modification of Municipal Development District No. 1**

**&**

### **Tax Increment Financing District No. 1-16**

(The Willows of Annandale Project)

To be Adopted: October 17, 2022



**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](http://www.daviddrown.com)

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# Development Program for Municipal Development District No. 1

## Preface

This Development District is being modified in conjunction with the creation of TIF District 1-16 for the Willows of Annandale Project.

## Section A Definitions

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

"Authority" means the City Council of the City of Annandale, Minnesota.

"City" means the City of Annandale, Minnesota, a municipal corporation and political subdivision of the State of Minnesota.

"City Council" means the City Council of the City; also referred to as the "Governing Body."

"County" means Wright County, Minnesota.

"Development District" means Municipal Development District No. 1 of the City, which has been created and established pursuant to and in accordance with the Development District Act, the boundaries of which are described in Section E.

"Development District Act" means Minnesota Statutes, Sections 469.124 through 469.134, both inclusive.

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

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances and plans relating to or governing the use or development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.

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

"Public Costs" means the costs of land acquisition, site improvements, public infrastructure, and repayment of debt service on tax increment bonds, and other eligible costs as set forth in the Development Program and Tax Increment Financing Plan(s).

"School District" means Independent School District No. 876 (Annandale School District).

"State" means the State of Minnesota.

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

"TIF District" means any tax increment financing district presently established or to be established in the future in the Development District.

"TIF Plan" means the respective Tax Increment Financing Plan for each TIF District located within the Development District.

## Section B Statutory Authorization

The Development District Act authorizes the Authority, upon certain public purpose findings by the City Council, to establish and designate development districts within the City and to develop and administer development programs therefore to meet the needs and accomplish the public purposes specified in Section C. In accordance with the purposes set forth in Section 469.124 of the Development District Act, the Authority has established the Development District comprising the area described in Section E and has adopted this Development Program.

The TIF Act also authorizes the Authority to establish and administer tax increment financing districts within the Development District. Eligible public costs of the Development District and TIF District may be paid from tax increments collected from the TIF District.

## **Section C      Statement of Need and Public Purpose**

The City Council has determined that there is a need for the City to take certain actions it deems necessary in order to encourage, ensure and facilitate development and redevelopment by the private sector of underutilized, inappropriately used and unused land located within the corporate limits of the City. Such actions are necessary in order to provide additional employment opportunities for residents of the City and the surrounding area; to improve the tax base of the City, the County and the School District, thereby enabling them to better provide needed public services; and to improve the general economy of the City, the County and the State.

## **Section D      Statement of Objectives**

The establishment of the Development District, pursuant to the Development District Act, is in the best interests of the City and its residents, and is necessary in order to give the Authority the ability to meet certain public purpose objectives that would otherwise not be obtainable in the foreseeable future without intervention by the Authority in the normal development process.

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

- (1) Provide for the construction and financing of Public Costs in the Development District, which are necessary for the orderly and beneficial development of the Development District.
- (2) Promote and secure the prompt and unified development and redevelopment of certain property in the Development District, such property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
- (3) Promote and secure additional employment opportunities within the Development District for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
- (4) Secure the increase of market values of property subject to taxation by the City, the County, the School District, and other taxing jurisdictions in order to enable such entities to pay for governmental services and programs that they are required to provide.
- (5) Encourage the expansion and improvement of local business and economic development whenever possible.

## **Section E      Boundaries of the Development District**

The boundaries of the Development District are coterminous with the City's corporate limits, as modified from time to time, and are identified in Exhibit 1 of this document.

## **Section F      Development Activities**

The Authority will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the TIF Act and other applicable state laws. In doing so the Authority anticipates that the following may be undertaken:

- (1) The making of studies, planning and other formal and informal activities relating to the Development Program.
- (2) The implementation and administration of the Development Program.
- (3) The acquisition of property, or interests in property, by purchase or condemnation, when such acquisition is consistent with the objectives of the Development District.
- (4) The preparation of property for use and development in accordance with applicable Land Use Regulations, including demolition of structures, clearance of sites, placement of fill and grading and other site improvements.
- (5) The resale of property to private parties.

- (6) The construction or reconstruction of public improvements, including but not limited to, streets, storm sewer, sanitary sewer, water and curb and gutter improvements.
- (7) The issuance of tax increment bonds and the use of tax increments, or other funds available to the City, to pay or finance the Public Costs of the Development Program.
- (8) The use of tax increments to pay debt service on tax increment bonds or otherwise pay or reimburse with interest the Public Costs of the Development Program.

### **Section G Payment of Public Costs**

Public Costs of the Development Program will be paid primarily from tax increments and/or proceeds of tax increment bonds. Such costs are identified in the TIF Plan for the corresponding TIF District located within the Development District. The Authority reserves the right to utilize other available sources of revenue to pay for a portion of the Public Costs.

### **Section H Environmental Controls; Land Use Regulations**

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

### **Section I Park and Open Space to be Created**

Park and open space created within the Development District will be done in accordance with the zoning and platting ordinances or standards of the City.

### **Section J Property Acquisition and Proposed Reuse**

The Authority may acquire property for public or private development purposes. Prior to formal consideration of the acquisition of any property for private development purposes, the City Council will require the execution of a binding development agreement with respect thereto and evidence that tax increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the Authority to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property will be incorporated into any development agreement to which the Authority is a party.

### **Section K Administration and Maintenance**

Maintenance and operation of the Development District will be the responsibility of the City Administrator who shall serve as administrator of the Development District. The administrator will administer the Development District pursuant to the provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the City Council.

### **Section L Relocation**

Any person or business that is displaced as a result of the Development Program will be relocated in accordance with Minnesota Statutes, Sections 117.50 to 117.56. The City accepts its responsibility for providing for relocation assistance pursuant to Section 469.133 of the Development District Act.

### **Section M Amendments**

The Authority reserves the right to alter and amend the Development Program subject to the provisions of state law regulating such action.

# Tax Increment Financing Plan for Tax Increment Financing District No. 1-16

## 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:

"Authority" means the City Council of the City of Annandale, Minnesota.

"City" means the City of Annandale, Minnesota.

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

"County" means Wright County, Minnesota.

"County Board" means the County Board of the County.

"Developer" means any person undertaking construction or renovation of taxable property within the Project Area, including the developer of The Willows of Annandale Project.

"Development District" means the City's Municipal Development District No. 1, as modified.

"Development Program" means the Development Program for Municipal Development District No. 1, as modified.

"Project Area" means the geographic area of Municipal Development District No. 1.

"School District" means Independent School District No. 876 (Annandale School District).

"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. 1-16.

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

## Section 2 Statement of Need and Public Purpose

There is a need for new development within the corporate limits of the City to provide housing opportunities, to improve the tax base, and to improve the general economy of the state.

## Section 3 Statutory Authorization

The Authority is empowered under the provisions of the TIF Act to establish a tax increment financing district.

## Section 4 Statement of Objectives

See the Development Program for Municipal Development District No. 1.

## Section 5 Specific Development Expected to Occur in the TIF District

The Willows of Annandale, LLC will initially be constructing a 90-unit rental housing project on property included in this TIF District. Additional housing projects are also in the planning stages for portions of the parcel to be included in this TIF District. The project will assist in meeting the demand for rental housing within the community.

## Section 6 Property to be Included in the TIF District

The TIF District includes tax parcel 206-000-311200. The property has been annexed to the City of Annandale but a City parcel identification number has not been assigned by Wright County at the time this TIF Plan was drafted. A map showing the location of the TIF District is provided in Exhibit 1 and parcel information is included in Exhibit 2. The area encompassed by the TIF District shall also include all street rights-of-way and utility or drainage easements located upon or adjacent to the property described in Exhibits 1 and 2.

## 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.

### Uses of Funds (Public Costs)

#### Capital Costs:

Acquisition	550,000
Utilities	2,250,000
Site Improvements	2,000,000
Streets & Sidewalks	<u>2,250,000</u>
	\$7,050,000

#### Finance Costs

Bond & Note Interest Payments	1,341,266
Capitalized Interest	<u>200,000</u>
Subtotal Finance Costs	\$1,541,266

#### Administrative Costs

Administrative costs paid with TIF	<u>\$150,000</u>
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**Total Uses of Funds** **\$8,741,266**

### Sources of Funds

Tax Increments	\$8,416,266
Interest Earnings	<u>325,000</u>

**Total Sources of Funds** **\$8,741,266**

The Authority reserves the right to adjust the amount of any of the capital cost line items listed above or to incorporate additional eligible items, so long as the total estimated capital cost is not increased.

## 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 Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since only limited development would 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

M.S. Section 469.175 Subdivision (2b) requires a specific description of the fiscal and economic implications of the proposed TIF District on City-provided services, plus an estimate of the total TIF that will be generated over the life of the TIF District attributable to each taxing jurisdiction.

City Service Costs. The proposed project is anticipated to result in the development of additional rental housing units. Expected impacts on general government and administration expenses will be very small as the proposed project is anticipated to have little impact on existing services. The City is expecting that it will provide TIF assistance through a pay-as-you-go agreement with the The Willows of Annandale, LLC. The City will likely issue bonds for the construction of public improvements, but it is expected that special assessments against private benefited properties will cover most or all of the projected debt service. Borrowing for the proposed public improvements should not affect the City's ability to borrow for future projects.

TIF Attribution. The City projects TIF collections will total \$8,416,266 over the life of the TIF District. Assuming the certified tax rate remains unchanged, \$3,950,272 will come from the City share of taxes; \$3,161,100 from the County share, and \$1,205,207 from the School share of tax levy.



## **Section 10 Property to be acquired in the TIF District**

The Authority may reimburse the developers or purchasers for the costs of any or all of the property located within the TIF District, and any such acquisition shall be considered authorized by this TIF Plan. Please see Exhibit 2 for parcel information.

## **Section 11 Estimated Amount of Bonded Indebtedness**

The Authority may provide TIF assistance through the issuance of bonds. Therefore, the Authority reserves the right to issue G.O. TIF bonds of which tax increments will be responsible for the repayment of an amount not to exceed \$7,050,000 in principal and \$1,541,266 in interest (including capitalized). M.S. 475.58 Subd. 1 allows for the issuance of bonds that have a principal amount of up to 5 times the amount to be paid with tax increment.

Interfund Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan, within 60 days of the date 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 source of the loan, the principal amount of the loan, the interest rate, and the maximum term. The interest rate to be charged on internal loans shall be 4% based upon the limit of the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of the date this Plan is approved. Terms may be modified or amended by the entity before the latest decertification of any District from which the advance or loan is to be repaid.

## **Section 12 Designation of TIF District as a Housing District (*not qualified*)**

The Tax Increment District qualifies as a housing district. A housing district is a type of tax increment financing district which consists of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined by federal, state and sometimes local legislation. A housing district may contain and provide assistance to commercial, retail, or other nonresidential uses, as long as the square footage of these uses does not exceed 20% of the total square footage of buildings in the TIF District.

Housing districts are subject to various income limitations. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under Section 143(f) of the Internal Revenue Code. Generally, the initial occupants must have incomes of 100% or less of statewide median income for families of two or less, and 115% of statewide median income for families of three or more. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. This requires that at least 40% of the units are rented to families with incomes at or below 60% of county median income, or 20% of the units rented to families with incomes at or below 50% of county median income, adjusted for family size. These requirements apply for the life of the District. The Authority will assure housing development within the District meets the above criteria. The Authority reserves the right, however, to remove property from the TIF District to accommodate proposed housing development(s) which do not meet these criteria.

## **Section 13 Original Net Tax Capacity**

The County Auditor shall 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 Estimated Market Value of all property within the TIF District as of January 1, 2022 for taxes payable in 2023 is \$102,800 after exemptions. The Original Net Tax Capacity of the TIF District will be approximately \$514.

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 will also certify the Original Tax Capacity Rate of the TIF District. This rate is the sum of all local tax rates that apply to property in the TIF District. This rate must match 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 Tax Capacity Rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District for taxes payable in 2022 is 1%. The final Original Local Tax Rate may be higher or lower than this value.

<u>Taxing Jurisdiction</u>	<u>Payable 2022 Tax Rate</u>
City of Annandale	54.606%
Wright County	43.697%
ISD # 2687	16.660%
Other	1.378%
<b>Total</b>	<b>116.341%</b>

The State property tax on commercial, industrial and certain other property classes is not captured by the TIF District. However, this state tax does not apply to most residential property. Additionally, a portion of the school tax rate attributed to local operating costs is also not captured by the TIF District.

## 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 is known as the Captured Net Tax Capacity of the TIF District. It is the Authority's intention to retain 100% of the Captured Net Tax Capacity of the TIF District. Such amount shall be known as the Retained 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

Housing districts may remain in existence through the end of the 25th year following receipt of the first tax increment, resulting in 26 TIF collections. The Authority elects to receive the first increment payment in taxes payable 2025. The District may remain in existence the maximum duration allowed by law (projected to be through 2050). Modifications of this plan (see Section 28) shall not extend these duration limits.

## Section 17 Use of Tax Increments – Housing Districts

Tax increments derived from a housing district must be used solely to finance the costs of projects defined in Section 12. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the Authority may be included in the cost of a housing project.

## Section 18 Use of Tax Increments – General

Each year the county treasurer will 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 Authority 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 22);
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 M.S. Section 469.175, Subdivision 1a; 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 both County Boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment cannot 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. This prohibition does not apply to the construction or renovation of a parking structure, a common area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the community.

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 parcel to be included in the TIF District was enrolled in “green acres” prior to being acquired. M.S. 469.176 Sudb. 7 (2) allows property enrolled in green acres to be included in a housing tax increment financing 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 Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

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

### **Section 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. Revenues derived from tax increments paid by properties in the district 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 Authority also elects the option provided by M.S. 469.1763 to increase the amount of expenditures permitted outside the District by up to an additional 10%. However, these expenditures are limited to assisting housing which meets the requirements of a low income housing building defined under section 42(c) of the Internal Revenue Code.

The Authority expects that a portion of tax increments may be used for housing expenses elsewhere within the boundaries of Municipal Development District No. 1.

## **Section 22 Excess Tax Increment**

On December 31st of each year, the Authority must determine the amount of excess increments for the TIF District. 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 31<sup>st</sup> in the year following the year in which the excess increments were generated

## **Section 23 Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the Authority 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.

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. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increments actually received.

## **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.

## **Section 25 Development Agreements**

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

## **Section 26 Exempt from Business Subsidy Laws**

Minnesota Statutes 116J.991 requires an Authority providing a business with a subsidy worth \$25,000 to complete

a subsidy approval process. Housing assistance, however, is exempt from the requirements.

## **Section 27 Assessment Agreements**

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, 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.

## **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 Authority; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority 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 net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the Authority agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the 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**

Upon adoption of the TIF Plan, the Authority must submit a copy of such plan to the State Auditor's Office and the Department of Revenue. The Authority must 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 Authority must 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 Authority must 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 will distribute to the Authority the amount of 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 Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure 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.
3. 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:
  - a. 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;

- b. the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
- c. 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 Authority of all changes made to the Original Net Tax Capacity of the TIF District.

### **Section 30 Financial Reporting and Disclosure Requirements**

The Authority 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 Authority 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 district
  - h. if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), 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, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the Authority'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 Authority and/or 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 governing body of the municipality, if the municipality is not also the authority.

### **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 a housing district;  
See Section 12 of this document for the reasons and facts supporting this finding.
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 project developer has indicated that TIF assistance is necessary to control certain development costs such that reasonable unit rents can be achieved which will enable the developer to secure private financing and provide rental housing services at prices generally accepted in the Annandale housing market. Without assistance, the developer believes that the project will not be able to

achieve final pricing that will enable the developer to be successful.

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 is included as Exhibit 5, indicates that:

- a. The increase in estimated market value of the proposed developments is \$22,197,200; and
  - b. The present value of expected tax increments collected over the maximum duration of the TIF District is \$4,220,666; and
  - c. The expected increased estimated market value of the site without the use of tax increment is \$1,200,000, assuming the land is developed for large acreage single-family residential purposes.
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 housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances, 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 development activities are necessary so that development and redevelopment by private enterprise can occur within Municipal Development District No. 1.

Exhibits

Map of 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

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## Municipal Limits/Municipal Development District No. 1 as Modified



## Exhibit 1



**City of Annandale, Minnesota**  
**TIF District No. 1-16**

**Exhibit 2**

**Parcel Summary -- Areas, Values & Conditions**



Owner of Record	Parcel I.D.#	Taxable Value	Building Value	Taxable Value	Est. Original Tax Cap.
Willows of Annandale, LLC	206-000-311200	102800	0	102,800	514
				102,800	514

## City of Annandale, Minnesota

### Tax Increment Projections

#### Valuations & Projected Increases

	Market	Tax Capacity
Original Values	102,800	514
Increased Value: (New Development)	22,300,000	278,750

#### Tax Rate Assumptions:

	2022 Tax Rate
City of Annandale	54.606%
Wright County	43.697%
School District	16.660%
Other	1.378%
	<u>116.341%</u>

#### Projected Tax Increment

#### Adjustments

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate*	Gross Tax Increment	5.00% Admin. Retainage	0.36% State Auditor's Deduction	TOTAL NET REVENUES
2023	514	514	-	-	-	-	-	-	-	-
2024	514	514	-	-	-	116.34%	-	-	-	-
2025	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2026	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2027	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2028	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2029	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2030	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2031	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2032	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2033	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2034	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2035	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2036	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2037	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2038	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2039	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2040	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2041	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2042	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2043	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2044	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2045	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2046	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2047	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2048	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2049	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
2050	514	278,750	278,236	-	278,236	116.34%	323,703	16,185	1,165	306,352
							<u>8,416,266</u>	<u>420,813</u>	<u>30,299</u>	<u>7,965,154</u>

**City of Annandale, Minnesota**  
**TIF District No. 1-16**

**STATEMENT OF FISCAL AND ECONOMIC IMPACTS OF PROPOSED TIF DISTRICT**

Taxing Jurisdiction	Without TIF District		With TIF District					
	2022 Taxable Net Tax Capacity <sup>(1)</sup>	2022 Local Tax Rate	2022 Taxable Net Tax Capacity <sup>(1)</sup>	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 Annandale, Minnesota	2,990,510	54.61%	2,990,510	278,236	151,934	3,268,746	49.958%	4.648%
Wright County	199,120,589	43.70%	199,120,589	278,236	121,581	199,398,825	43.636%	0.061%
School District	21,574,157	16.66%	21,574,157	278,236	46,354	21,852,393	16.448%	0.212%
Other <sup>(2)</sup>	--	1.38%	--	-	-	--	1.38%	--
<b>Totals</b>		<b>116.34%</b>			<b>319,868</b>		<b>111.420%</b>	<b>4.921%</b>

**Statement #1:** If all of the projected captured net tax capacity of the project were hypothetically 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 generated over the life of the TIF District is estimated to be \$8,416,266.

**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 \$3,950,272 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 \$1,205,207 for School District 876.

**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 \$3,161,100.

<sup>(1)</sup> Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.

<sup>(2)</sup> The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

# City of Annandale, Minnesota

## TIF District No. 1-16

### Market Value Analysis

Increased Market Value of Site	\$ 22,197,200
Less Present Value of TIF Revenues	<u>\$ 4,220,666</u>
	\$ 17,976,534
Estimated Increased Site Value w/out TIF	<u>\$ 1,200,000</u>
Net Value Increase	\$ 16,776,534

### Present Value of Tax Increments

Calculation Date: 9/9/2022  
Present Value Factor: 5.00%

#	Year	Gross Tax Increment	Present Value
1	2023	-	-
2	2024	-	-
3	2025	323,703	279,626
4	2026	323,703	266,311
5	2027	323,703	253,629
6	2028	323,703	241,552
7	2029	323,703	230,049
8	2030	323,703	219,095
9	2031	323,703	208,662
10	2032	323,703	198,725
11	2033	323,703	189,262
12	2034	323,703	180,250
13	2035	323,703	171,666
14	2036	323,703	163,492
15	2037	323,703	155,706
16	2038	323,703	148,292
17	2039	323,703	141,230
18	2040	323,703	134,505
19	2041	323,703	128,100
20	2042	323,703	122,000
21	2043	323,703	116,191
22	2044	323,703	110,658
23	2045	323,703	105,388
24	2046	323,703	100,370
25	2047	323,703	95,590
26	2048	323,703	91,038
27	2049	323,703	86,703
28	2050	323,703	82,574
		<u>8,416,266</u>	<u>4,220,666</u>

# CITY OF ANNANDALE

## REQUEST FOR COUNCIL ACTION

Originating Department: <b>Administration</b>	Meeting Date: <b>October 17, 2022</b>	Agenda No. <b>3A</b>
Agenda Section: <b>General Business</b>	Item: <b>Final Plat / Development Agreement for Pintail Ponds Plat 3</b>	

  
**SITE INFORMATION & BACKGROUND**  
  

<b>PID:</b>	102-500-311200
<b>Legal Description:</b>	Unplatted Land
<b>Zoning District:</b>	Ag
<b>Comprehensive Plan:</b>	Multifamily Residential
<b>Surrounding Site Use:</b>	North: Pintail Ponds PUD East: Corinna Township – Agriculture South: Corinna Township – Agriculture West: Corinna Township – Agriculture

<b>Planning Case Number:</b>	2022-07
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<b>Deadline for Decision:</b>	December 17, 2022
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**BACKGROUND**

The Willows of Annandale LLC (Gary Stang) has made an application for a final plat for Pintail Ponds Plat 3. The same site was recently approved for a rezoning, preliminary plat, and site plan review in order to build a 90 unit apartment building on the same property. The property is located at the southern terminus of Pintail Drive east of Excelsior Avenue/County Road 5.

The approved preliminary plat depicted a three lot development. One of the three lots is proposed for development that is intended to be R-4, Medium Density while the other two lots are intended for R-5, High Density Residential. There is also right-of-way dedication proposed and a wetland outlot.

  
**PROJECT SITE**

The property is a 29 acre site proposed to be divided into three lots. It's located south of Pintail Drive and east of County Road 5.

  
**COMPREHENSIVE PLAN**

The property is guided for a Multi-Family Residential land use in the Comprehensive Plan.

  
**ZONING**

The City Council recently approved a rezoning from Agricultural (Ag) to R-5 for Blocks 1 and 2 and R-4 for Block 3. This rezoning will go into effect with the recording of the final plat.

  
**PROPOSED FINAL PLAT**

The applicant is proposing a final plat with the three lots (each in their own block) that all generally meet the minimum standards of the zoning ordinance. Lot 1, Block 2 has received site plan review approvals allowing for the construction of a 90 unit apartment building.

The development on the other two lots will require site and building plan approval upon time of development.

The applicant is proposing to enter into a development agreement for the construction of the roads, utilities, and the development of Lot 1, Block 2. The applicant will be seeking a petition and waiver agreement to have the City construct the public improvements.

Lot 1, Block 1 will be about 5.67 acres, Lot 1, Block 2 will be about 6.02 acres, and Lot 1, Block 3 will be about 3.68 acres in size. Outlot A will be 9.4 acres in size.

Pursuant to the approved preliminary plat resolution, a revised preliminary plat may be required if the development on Lot 1, Block 1 and Lot 1, Block 3 are significantly different than what was proposed with the approved preliminary plat.

#### **PARK DEDICATION**

The Park Commission requested cash-in-lieu of parkland dedication. Based on the property value this would be \$55,000 and cover all the platted lots.

#### **REQUEST ANALYSIS**

The purpose of the final plat review is to ensure that the plat is consistent with the preliminary plat approval. Staff finds that the plat is generally consistent provided the applicant meet the relevant conditions of approval.

#### **DEVELOPMENT AGREEMENT**

If the City Council finds that the final plat is consistent with the preliminary plat approval, it would be appropriate to also approve the draft development agreement.

#### **Attachments:**

- A. Resolution, Approving Final Plat for Pintail Ponds Plat 3
- B. Development Agreement - DRAFT
- C. Approved Preliminary Plat
- D. Final Plat
- E. City Engineer's Letter, September 29, 2022
- Z. City Comments

#### **Exhibit Z – Conditions of Approval**

1. The zoning amendment in Ordinance No. 398 shall be placed into effect or this approval is voided.
2. All comments from the City Engineer in the letter dated September 29, 2022 shall be addressed.
3. Park dedication shall be supplied as cash-in-lieu of parkland dedication in the amount of \$55,000.
4. All comments from Wright County shall be addressed.
5. The Applicant shall enter into a Development Agreement and post any required securities to ensure the terms of this approval are satisfied.

**CITY OF ANNANDALE  
RESOLUTION 22-\_\_**

**RESOLUTION APPROVING A FINAL PLAT  
FOR PINTAIL PONDS PLAT 3**

WHEREAS, the City of Annandale has received an application from the Willows of Annandale LLC (the “Applicant”) for a final plat for Pintail Ponds Plat 3; and

WHEREAS, the legal description of the site is WHEREAS, the legal description of the site (the “Property”) is:

The North  $\frac{3}{4}$  of the Northwest Quarter of the Northeast Quarter of Section 31, Township 121, Range 27, Wright County, Minnesota, except the following described tract: commencing at the north quarter corner of said Section 31; thence South along the quarter line 20.0 feet for a point of beginning of the tract to be described; thence East parallel with the north line of said Section 31, 178.2 feet; thence South parallel with the west line of the Northeast Quarter of said section 31, 300.0 feet; thence West parallel with the north line of said Section 31, 178.2 feet to the west line of the Northeast Quarter of said Section 31; thence North 300.0 feet to the point of beginning

WHEREAS, the City Council approved the preliminary plat on October 10, 2022; and

WHEREAS, the City Council reviewed the application on October 17, 2022 and found that the final plat is consistent with the preliminary plat approval; and

NOW, THEREFORE, BE IT RESOLVED that the City Council approves final plat of Pintail Ponds Plat 3 with the following conditions:

1. The zoning amendment in Ordinance No. 398 shall be placed into effect or this approval is voided.
2. All comments from the City Engineer in the letter dated September 29, 2022 shall be addressed.
3. Park dedication shall be supplied as cash-in-lieu of parkland dedication in the amount of \$55,000.
4. All comments from Wright County shall be addressed.
5. The Applicant shall enter into a Development Agreement and post any required securities to ensure the terms of this approval are satisfied.

PASSED AND ADOPTED this 17<sup>th</sup> day of October, 2022.

APPROVED

\_\_\_\_\_  
Shelly Jonas  
Mayor of Annandale

Attest:

\_\_\_\_\_  
Kelly Hinnenkamp  
City Administrator-Clerk

Attached:  
Final Plat

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**CITY OF ANNANDALE  
DEVELOPER AGREEMENT  
(DEVELOPER INSTALLED IMPROVEMENTS)**

THIS AGREEMENT made and entered into this \_\_\_\_ day of October, 2022, by and between The Willows of Annandale, LLC, a Minnesota limited liability company (hereinafter collectively called the "Developer"), and the City of Annandale, a Minnesota municipal corporation, hereinafter called the "City".

**RECITALS:**

1. Developer is the owner of certain Real Property which is legally described as

See Exhibit A attached hereto

(hereinafter called the "Property"); and

2. The Developer has proposed that the Property be platted as Pintail Ponds Plat 3 (also referred to in this Agreement as the "Plat"). The Plat will be developed as two lots of R-5 high density and one lot of R-4 medium density. Lot 1, Block 1 and Lot 1, Block 3 will be developed in later Phases. Lot 1, Block 2 will be developed as a 90-unit apartment.

3. The Developer has asked the City to grant final approval of the Plat.

4. The City is willing to approve the Plat, subject to the following conditions (1) that the Developer enter into this Agreement, (2) that the Developer provide the necessary security for all public improvements; and (3) pay all fees due hereunder. The Developer shall record the Plat with the County Recorder no later than December 15, 2022.



NOW, THEREFORE, in consideration of the above recitals, and the mutual covenants expressed herein, IT IS HEREBY AGREED AS FOLLOWS:

1. **Development Plans.** The Developer shall develop the Plat in accordance with the following plans. The plans shall not be attached to this Agreement. If the plans vary from the written terms of this Agreement, the written terms shall control. The required plans are:  
  
Plan A Preliminary Plat 2022.59  
Plan B Grading and Drainage Plan Dated 6-6-22  
Plan C Erosion Control Plan Dated 6-6-22  
Plan D Preliminary Engineering Report Dated 6-6-22  
Plan E Street Plans Dated 8-25-22  
Plan F Utility Plans Dated 6-6-22  
Plan G Site Plan Dated 6-6-22
2. **Use and Density.** The use and density for Lot 1, Block 2 shall be a 90-unit apartment. The use and density in Lot 1, Block 1 and Lot 1, Block 3 shall follow City zoning requirements.
3. **Right to Proceed.** The Developer may not grade or otherwise disturb the earth, remove trees, construct any public or private improvements until this Agreement has been fully executed and filed with the City, the necessary security has been received by the City and the City has issued a letter certifying that all conditions have been satisfied and the Developer may proceed.
4. **Improvements.** The Developer shall be responsible for installing the following: [check all that apply]

- ☒ Drainage/Erosion Control
- ☒ Street Signs
- ☒ Rough Site Grading and Ponding
- ☒ Setting of Lot and Block Monuments
- ☒ Surveying and Staking
- ☒ City Water
- ☒ City Sanitary Sewer
- ☒ Public Street
- ☒ Curb and Gutter
- ☒ City Storm Sewer
- ☒ Street Lights
- ☒ Trail/sidewalk
- ☒ Regulatory and Warning Signs
- ☒ On-site Wetland Mitigation

The Improvements will be designed and installed in accordance with City standards, ordinances and plans and specifications. The public improvements shall be designed

with sufficient capacity, as determined by the City Engineer, to meet the needs for future development in the adjacent area.

5. **Ownership of Easements and Improvements.** Upon acceptance by the City, the public improvements required to be constructed by this Agreement shall become City property. The Developer shall make available to the City at no cost to the City, all permanent and temporary easements necessary for maintenance of the public improvements.
6. **Proof of Title.** The Developer hereby warrants and represents to the City, as inducement of the City's entering into this Agreement, that Developer's interest in the Development is as fee owner. Prior to approval of the Final Plat, the Developer shall provide the City with a title insurance policy with the Developer as the named insured, stating the condition of title to the property.
7. **Warranty.** The Developer warrants all work required to be performed by it against poor material and faulty workmanship for a period of two (2) years after its completion and acceptance by the City. The Developer shall post maintenance bonds or other security acceptable to the City to secure the warranties.
8. **Erosion Control/Storm Water Measures.** The Developer shall obtain a "General Storm Water Permit for Construction Activity" issued by the Minnesota Pollution Control Agency. The Developer shall comply with the Erosion Control Plan, (Plan C), and with all requirements of the General Storm Water Permit for Construction Activity for the prevention of damage to adjacent property and the control of surface water runoff.
9. **Effect of Plat Approval.** For two years from the date of this Agreement, no amendments to the City's Comprehensive Plan or official controls shall apply to or affect the use, development density, lot size, lot layout or dedications or platting required or permitted by the approved preliminary plat unless required by state or federal law or agreed to in writing by the City and the Developer. Thereafter, notwithstanding anything in this Agreement to the contrary, to the full extent permitted by state law the City may require compliance with any amendments to the City's Comprehensive Plan, official controls, platting or dedication requirements enacted after the date of this Agreement and may require submission of a new plat.
10. **Park Dedication.** The Developer agrees that the construction of a 90-unit multifamily residential dwelling on Lot 1, Block 2 and future development of the remaining Pintail Ponds Plat 3 creates a need for acquiring, developing and improving additional park facilities to serve the development. In lieu of dedicating park within the Development, the Developer elects to pay \$55,000 to the City, which shall be placed in a special fund pursuant to City Code Section 151.09, Subd. 5.D. The Developer agrees that in setting this park dedication fee, the City has made an individualized determination of the nature and extent of the Development's impact on park needs and the City's determination is fair and reasonable. The Developer expressly waives the right to

contest or otherwise challenge the amount and imposition of the park dedication fee required under this agreement.

11. **License.** The Developer hereby grants the City, its agents, employees, and contractors a license to enter the Plat to perform all necessary work and/or inspections deemed appropriate by the City during the installation of public improvements by the City. The license shall expire after the public improvements installed pursuant to the development Agreement have been installed and accepted by the City.
12. **Damage and Clean Up.** The Developer shall promptly cause to be cleared from public streets and property any soil, earth or debris resulting from construction work by the Developer or its agents or assigns. The Developer shall promptly cause to be repaired any damage to existing streets, boulevards or existing utilities caused by construction activities within the development. Should the Developer fail to clean up soil, earth or debris or commence repairs within 24 hours of notice by the City, the City may perform such work itself or through an independent contractor, and bill Developer for such work. The Developer shall reimburse the City within thirty days of receipt of invoice.
13. **Security.** The Developer shall provide a bond, letter of credit or cash escrow upon execution of this Agreement ("Security"). Such Security shall be in the amount of \$\_\_\_\_\_ to ensure installation of the Developer installed improvements. The amount was calculated as follows:

Setting of lot and block monuments	\$
Street signs	\$
Erosion control	\$
Surveying and Staking	\$
Grading, drainage and ponding control	\$
Streets	\$
Curb/Gutter	\$
Sanitary sewer	\$
Water	\$
Storm Sewer	\$
Street Lights	\$
Sidewalk/Trail	\$
Regulatory and Warning Signs	\$
Landscaping Requirements	\$
City Engineer/Inspector	\$
Other	\$
Total Developer installed improvements:	\$

The bond or letter of credit shall be subject to the approval of the City Administrator. The Security shall secure compliance with all of the terms of this Agreement and all

financial obligations of the Developer under it. The City may draw down on the Security, without notice, for any violation of the terms of this Agreement or upon pending expiration or cancellation of the Security. In the event of a draw upon the Security, the City may require the Developer to provide additional Security. The Developer shall remain obligated to provide new Security upon any non-renewal until such time as all of the Developer's obligations under this Agreement have been completed and proof of payment of all laborers and materialmen.

14. **Responsibility for Costs.**

- A. Except as otherwise specified herein, the Developer shall pay all costs incurred by it or the City in conjunction with the development of the Plat, including but not limited to a legal, planning, administrative, engineering and inspection expenses incurred in connection with approval and acceptance of the Plat, the preparation of this Agreement, and all costs and expenses incurred by the City in monitoring and inspecting development and the Improvements. Developer shall deposit \$\_\_\_\_\_ in escrow to secure payment of these fees. The City shall invoice the Developer on a monthly basis for these fees. The City may draw down the escrow in an amount necessary to satisfy any invoices which have not been paid by the Developer within 10 days. Any funds remaining upon completion of the project shall be refunded to the Developer. The City may require an additional deposit from the Developer in the event that the escrowed funds are substantially depleted.
- B. The Developer shall hold the City and its officers and employees harmless from claims made by itself and third parties for damages sustained or costs incurred resulting from a plat approval and development. The Developer shall indemnify the City and its officers and employees for all costs, damages or expenses which the City may pay or incur in consequence of such claims, including attorney's fees.
- C. The Developer shall reimburse the City for costs incurred in the enforcement of this Agreement, including engineering and attorney's fees.
- D. The Developer shall pay, or cause to be paid when due, and in any event before any penalty is attached, all special assessments referred to in this Agreement. This is a personal obligation of the Developer and shall continue in full force and effect even if the Developer sells one or more lots, the entire Plat, or any part of it.
- E. The Developer shall pay in full all bills submitted to it by the City for obligations incurred under this Agreement within thirty (30) days after receipt. If the bills are not paid on time, the City may halt development work and construction within the Plat including but not limited to the issuance of occupancy permits until the bills are paid in full.

F. The Developer shall pay the following development charges:

Sanitary Sewer- \$1200/acre= \$7,200

Water Area Charges- \$1000/acre = \$6,000

Storm Sewer Area Charges- \$500/acre = \$3,000

Sewer Access Charge (SAC)- \$4100/unit

Water Access Charge (WAC)- \$2800/unit

Park Dedication- \$55,000

These development charges are for Lot 1, Block 2. Additional charges will be due and collected when site plans are approved for Lot 1, Block 1 and Lot 1, Block 3.

15. **Developer's Default.** In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may at its option, perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, provided the developer is first given written notice of the work in default, not less than forty-eight (48) hours in advance. This Agreement is a license for the City to act, and it shall not be necessary for the City to seek a court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part. The Developer, its successors and assigns, as well as future lot purchasers waive all procedural and substantive objections to the improvements and special assessments exceed the benefit, that the proper notices have not been given, and that the method of spreading the assessment is erroneous, as well as any appeal rights otherwise available pursuant to Minn. Stat. §429.081. In addition, the City may do any, all or any combination of the following: (i) halt all further approvals regarding platting, improvements or issuance of building permits or occupancy permits relating to the Development Property, or to any other property owned or developed by the Developer (ii) seek injunctive relief, (iii) terminate this Agreement and all of the obligations contained herein without terminating Developer's obligation to reimburse the City for costs it has incurred with regard to this Agreement or the Development Property; (iv) draw on or utilize any funds or other security which have been provided to the City pursuant to this Agreement; and/or (v) take any other action at law or in equity which may be available to the City.
16. **Completion Date.** The Developer shall complete the Improvements on or before December 31, 2023.
17. **Miscellaneous.**
- A. This Agreement shall be binding upon the parties, their heirs, successors or assigns, as the case may be.
- B. Third parties shall have no recourse against the City under this Agreement.
- C. Breach of the terms of this Agreement by the Developer shall be grounds for denial of building permits, including all or part of said Plat sold to third parties.

- D. If any portion, section, subsection, sentence, clause, paragraph or phrase of this Agreement is for any reason held invalid, such decision shall not affect the validity of the remaining portion of this Agreement.
- E. If occupancy is established prior to the completion and acceptance of improvements, the Developer assumes all liability and costs resulting in delays in completion of improvements and damage to improvements caused by the City, Developer, its contractors, subcontractors, materialmen, employees, agents, or third parties.
- F. No one may occupy a building for which a building permit is issued on either a temporary or permanent basis until sanitary sewer and water lines have been installed, hooked up, tested and approved by the City, and until the streets needed for access have been paved with a bituminous surface.
- G. The action or inaction of the City shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing, signed by the parties and approved by written resolution of the City Council. The City's failure to properly take legal action to enforce this Agreement shall not be a waiver or release.
- H. The Developer represents to the City to the best of its knowledge that the Plat does not require an environmental worksheet and that an environmental impact statement is not required. However, if the City or another governmental entity or agency determines that such a review is needed, the Developer shall reimburse the City for all expenses, including staff time and attorney's fees that the City incurs in assisting in the preparation of the review.
- I. Future residents of the Plat shall not be deemed to be third-party beneficiaries of this Agreement.
- J. Compliance with Laws and Regulations. The Developer represents to the City that the Plat complies with all City, County, State and Federal laws and regulations, including but not limited to: subdivision ordinances, zoning ordinances and environmental regulations. If the City determines that the Plat does not comply, the City may, at its option, refuse to allow any construction or development work in the Plat until the Developer does comply. Upon the City's demand, the Developer shall cease work until there is compliance.
- K. This Agreement shall run with the land and may be recorded against the title to the property.
- L. The City's rights and remedies in this Agreement are cumulative and in addition to any of the City's other rights and remedies, and the City's exercise of any right or remedy under this Agreement will not be a waiver of any of the

City's other rights and remedies. The City may exercise any of its rights and remedies at any time and in any order.

- M. Prior to commencement of the improvements, Developer shall take out and maintain until six (6) months after the City has accepted the public improvements, general liability and property damage insurance covering personal injury, including death, and claims for property damage which may arise out of the Developer's work or the work of its subcontractors or by one directly or indirectly employed by any of them. Limits for bodily injury or death shall not be less than \$500,000 for one person and \$1,000,000 for each occurrence; limits for property damage shall be not less than \$1,000,000 for each occurrence. The City shall be named as an additional named insured on said policy, and the Developer shall file a copy of the insurance coverage with the City prior to the City signing the plat. The Developer shall cause each person with whom the Developer contracts for construction and installation of any improvements to provide evidence of General Liability, Owner/Engineer Protective Liability, Automobile Liability, Contractual Liability and Worker's Compensation coverage. Limits shall be \$1,000,000 per occurrence and \$1,000,000 aggregate with the City and City Engineer named as additional insured.
18. **Notices.** Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, its employees and agents, or mailed to the Developer by certified or registered mail at the following address: The Willows of Annandale, LLC, 21425 19th Ave E, Clearwater, MN 55320, Attention: Gary Stang. Notices to the City shall be in writing and shall be either hand delivered to the City Administrator or mailed to the City by certified or registered mail in care of the City Administrator at the following address: 30 Cedar Street East, Annandale MN 55302, Attention: City Administrator.
19. **Representation.** Jovanovich, Dege & Athmann, P.A. represents the City with regard to this Agreement. Developer has been advised to seek independent legal counsel prior to execution of this Agreement.
20. **Integration.** This Agreement contains all of the understandings and agreements between the parties. This Agreement may not be amended, changed, or modified without the express, written consent of the parties hereto.
21. **Governed by Minnesota Law.** This Agreement shall be interpreted under the laws of the State of Minnesota.
22. **Additional Requirements.** All comments from the City Engineer letter dated September 29, 2022 shall be satisfied by the Developer. All comments by Wright County shall be satisfied by the Developer.

Signed and executed by the parties hereto on this \_\_\_\_\_ day of October, 2022

ATTEST

CITY OF ANNANDALE

By \_\_\_\_\_  
Kelly Hinnenkamp, City Administrator

By \_\_\_\_\_  
Shelly Jonas, Mayor

DEVELOPER

The Willows of Annandale, LLC

By \_\_\_\_\_  
Gary Stang, Its Manager

STATE OF MINNESOTA   )  
  )ss  
COUNTY OF WRIGHT    )

The foregoing was acknowledged before me this \_\_\_\_\_ day of October, 2022, by Shelly Jonas and Kelly Hinnenkamp, the Mayor and the City Administrator, respectively, of the City of Annandale, a Minnesota municipal corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA   )  
  )ss  
COUNTY OF WRIGHT    )

The foregoing was acknowledged before me this \_\_\_\_\_ day of October, 2022, by Gary Stang, the Manager of The Willows of Annandale, LLC, a Minnesota limited liability company, Developer herein, on behalf of said company.

\_\_\_\_\_  
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:  
Susan M. Dege - 0290385  
Jovanovich, Dege & Athmann, PA.  
1010 W. St. Germain, Suite 420  
St. Cloud, MN 56301  
Telephone: (320) 230-0203

## EXHIBIT A

### LEGAL DESCRIPTION

The North  $\frac{3}{4}$  of the Northwest Quarter of the Northeast Quarter of Section 31, Township 121, Range 27, Wright County, Minnesota, except the following described tract:

Commencing at the north quarter corner of said Section 31; thence South along the quarter line 20.0 feet for a point of beginning of the tract to be described; thence East parallel with the north line of said Section 31, 178.2 feet; thence South parallel with the west line of the Northeast Quarter of said Section 31, 300.0 feet; thence West parallel with the north line of said Section 31, 178.2 feet to the west line of the Northeast Quarter of said Section 31; thence North 300.0 feet to the point of beginning.

To be platted as Lot 1, Block 1, Lot 1, Block 2 and Lot 1, Block 3, Pintail Ponds Plat 3



# PINTAIL PONDS PLAT 3

KNOW ALL PERSONS BY THESE PRESENTS: That The Willows of Annandale, LLC, a Minnesota limited liability company, fee owner of the following described property situated in the City of Annandale, County of Wright, State of Minnesota, to-wit:

The Land referred to herein below is situated in the County of Wright, State of MN, and is described as follows:  
The North 3/4 of the Northwest Quarter of the Northeast Quarter of Section 31, Township 121, Range 27, Wright County, Minnesota, except the following described tract: Commencing at the north quarter corner of said Section 31; thence South along the quarter line 20.0 feet for a point of beginning of the tract to be described; thence East parallel with the north line of said Section 31, 178.2 feet; thence South parallel with the west line of the Northeast Quarter of said Section 31, 300.0 feet; thence West parallel with the north line of said Section 31, 178.2 feet to the west line of the Northeast Quarter of said Section 31; thence North 300.0 feet to the point of beginning.

Has caused the same to be surveyed and platted as PINTAIL PONDS PLAT 3 and does hereby dedicate to the public for public use the public way as shown; and the drainage and utility easements as created by this plat.

In witness whereof said The Willows of Annandale, LLC, a Minnesota limited liability company, has caused these presents to be signed by its proper officer this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

The Willows of Annandale, LLC

By \_\_\_\_\_  
Gary Stang, Manager

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, by Gary Stang, Manager of The Willows of Annandale, LLC, a Minnesota limited liability company, on behalf of the company.

\_\_\_\_\_  
(Notary Signature) (Notary Printed Name)  
NOTARY PUBLIC, \_\_\_\_\_ COUNTY, STATE OF \_\_\_\_\_

MY COMMISSION EXPIRES: \_\_\_\_\_

I, Daniel M. Kron, do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be correctly set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Daniel M. Kron, Licensed Land Surveyor  
Minnesota License No. 42621

STATE OF MINNESOTA  
COUNTY OF \_\_\_\_\_

The foregoing Surveyor's Certificate was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, by Daniel M. Kron, Professional Land Surveyor, Minnesota License No. 42621.

\_\_\_\_\_  
(Notary Signature) (Notary Printed Name)  
NOTARY PUBLIC, \_\_\_\_\_ COUNTY, STATE OF MINNESOTA

MY COMMISSION EXPIRES: \_\_\_\_\_

ANNANDALE PLANNING COMMISSION

Be it known that at a meeting held on this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, the Planning Commission of the City of Annandale, Minnesota, did hereby approve this plat of PINTAIL PONDS PLAT 3.

\_\_\_\_\_  
Chairperson

CITY COUNCIL, CITY OF ANNANDALE, MINNESOTA

This plat of PINTAIL PONDS PLAT 3 was approved and accepted by the City Council of the City of Annandale, Minnesota at a regular meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03, Subd. 2.

\_\_\_\_\_  
Mayor City Administrator

WRIGHT COUNTY SURVEYOR

I hereby certify that in accordance with Minnesota Statutes, Section 505.021, Subd.11, this plat has been reviewed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Wright County Surveyor

WRIGHT COUNTY HIGHWAY ENGINEER

The plat was recommended for approval this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Wright County Highway Engineer

WRIGHT COUNTY AUDITOR/TREASURER

Pursuant to Minnesota Statutes, Section 505.021, Subd. 9, taxes payable for the year 20 \_\_\_\_ on the land hereinbefore described have been paid. Also, pursuant to Minnesota Statutes, Section 272.12, there are no delinquent taxes and transfer entered this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Wright County Auditor/Treasurer By: \_\_\_\_\_  
Deputy

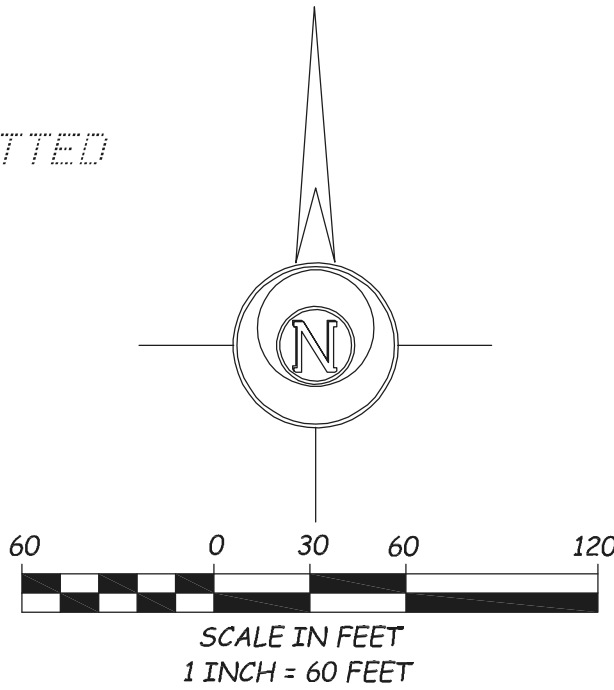
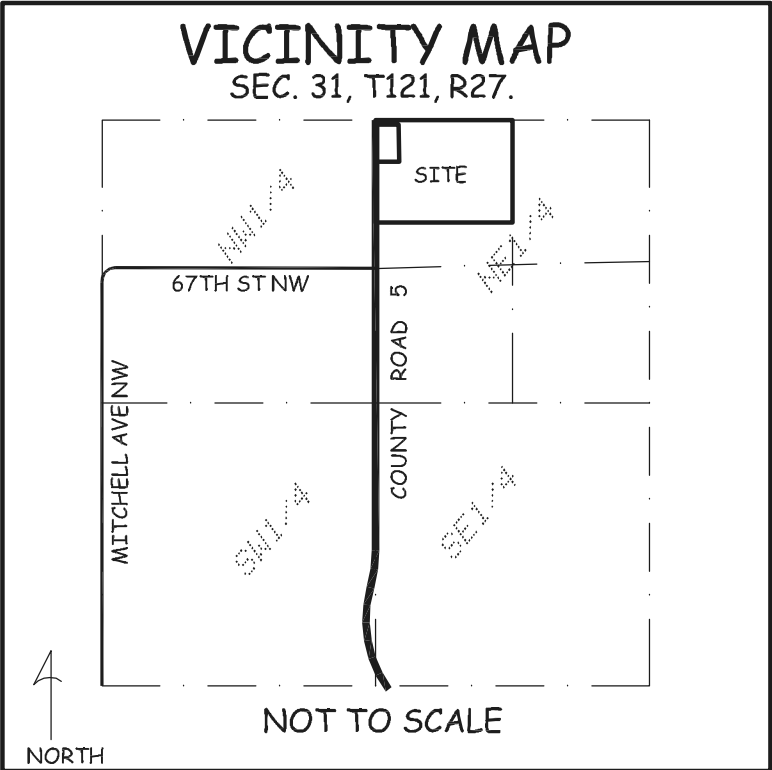
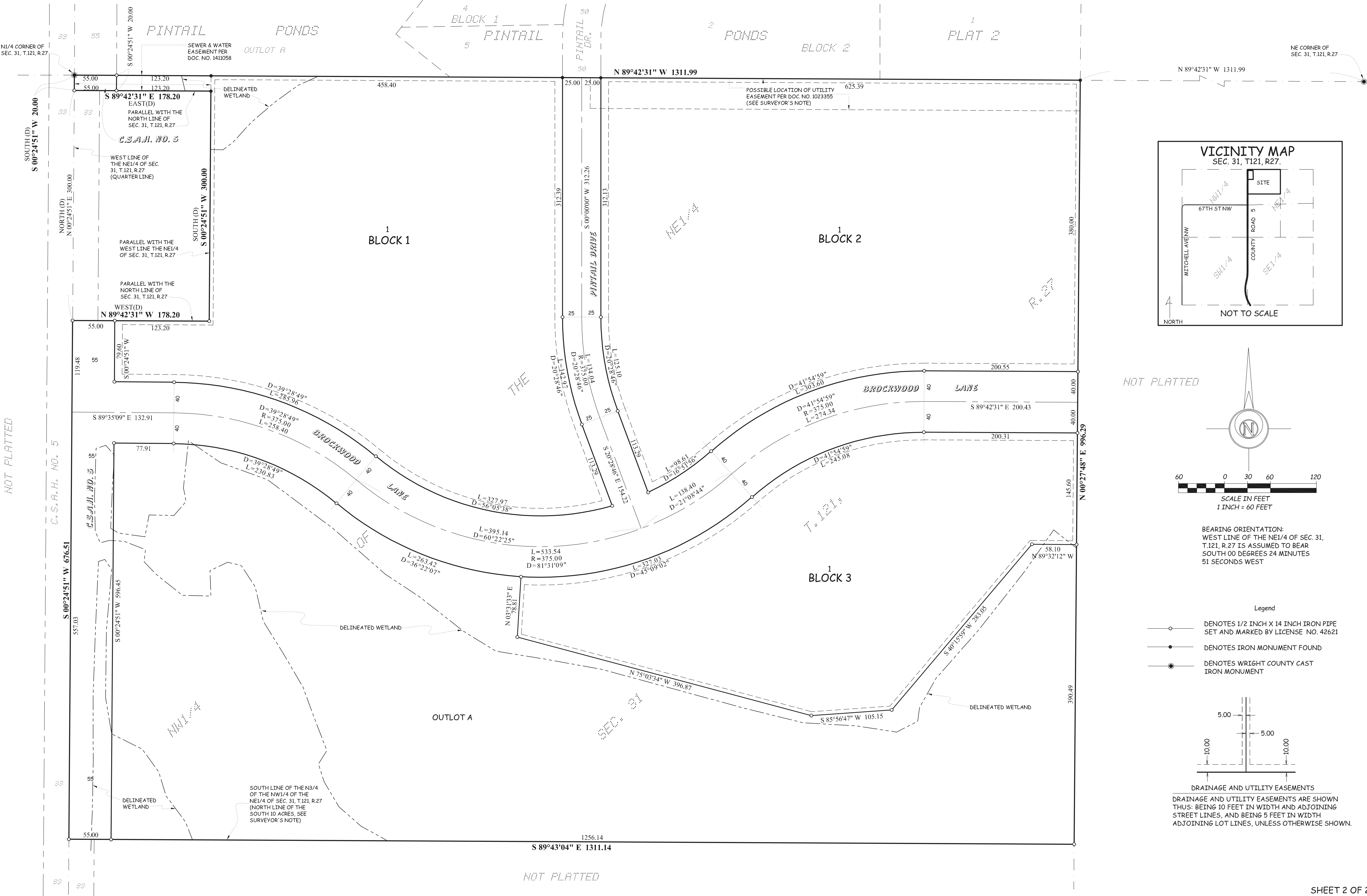
WRIGHT COUNTY RECORDER

I hereby certify that this instrument was filed in the office of the County Recorder for record on this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, at \_\_\_\_\_ o'clock \_\_M. and was duly recorded in Cabinet No. \_\_\_\_\_.

Sleeve \_\_\_\_\_, as Document No. \_\_\_\_\_.

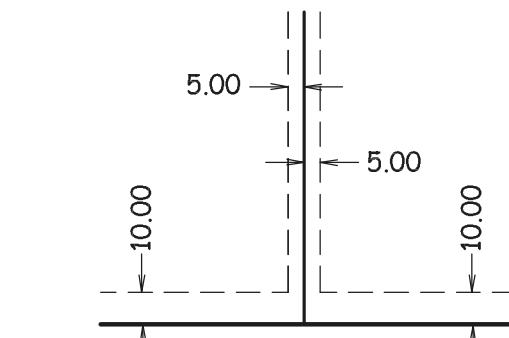
\_\_\_\_\_  
Wright County Recorder

PINTAIL PONDS PLAT 3



BEARING ORIENTATION:  
WEST LINE OF THE NE1/4 OF SEC. 31,  
T.121, R.27 IS ASSUMED TO BEAR  
SOUTH 00 DEGREES 24 MINUTES  
51 SECONDS WEST

- Legend
- DENOTES 1/2 INCH X 14 INCH IRON PIPE SET AND MARKED BY LICENSE NO. 42621
  - DENOTES IRON MONUMENT FOUND
  - DENOTES WRIGHT COUNTY CAST IRON MONUMENT



DRAINAGE AND UTILITY EASEMENTS  
DRAINAGE AND UTILITY EASEMENTS ARE SHOWN  
THUS: BEING 10 FEET IN WIDTH AND ADJOINING  
STREET LINES, AND BEING 5 FEET IN WIDTH  
ADJOINING LOT LINES, UNLESS OTHERWISE SHOWN.



**BOLTON  
& MENK**

Real People. Real Solutions.

2040 Highway 12 East  
Willmar, MN 56201-5818

Ph: (320) 231-3956  
Fax: (320) 231-9710  
Bolton-Menk.com

September 29, 2022

Jacob Thunander, Community Development Director  
via e-mail: [jthunander@annandale.mn.us](mailto:jthunander@annandale.mn.us)  
P.O. Box K  
Annandale, MN 55302

RE: Pintail Ponds 3  
Annandale, Minnesota  
Project No.: 0W1.127358

Dear Jacob,

We have reviewed the information submitted for the above referenced project including:

- 2022-59 Preliminary Plat.pdf
- 2022-59FPsht1 Final Plat.pdf
- 2022-59FPsht2 Final Plat.pdf
- 22029Annandale Apts 2 Storm Calcs 091522.PDF (Schultz Engineering)
- CVT Geotechnical Report for Pintail Apartments.pdf (Schultz Engineering)
- CVT Geotechnical Report for Pintail Drive Development.pdf (Schultz Engineering)
- Revised Narrative Land Use Application 081522.pdf
- SKM\_308e22052008310.pdf
- THE WILLOWS OF ANNANDALE - 8-25-22 2203 - REV 1 - FULL SET.pdf (Both)
- Wetland Delineation Report-Willows of Annandale.pdf
- Wetland\_WCA\_MN\_joint\_appl\_form May 2021.pdf
- Plan Set Distribution Pintail 2.docx
- Pintail Hydrology Report 9-26-22.pdf
- 2022-09-26 - Pintail Ponds 3rd Addition.pdf

We have the following comments:

1. All Wright County comments shall be satisfied.
2. Additional right-of-way shall be dedicated at the County Road 5 access for the potential future expansion of the intersection.
3. The preliminary plat shall be signed by a MN licensed surveyor.
4. All private ponds shall be contained within easements.
5. All public ponds shall be contained within outlots.
6. The approved delineated wetland boundaries shall be identified on the preliminary plat and construction plans.

7. The applicant shall be responsible for all wetland permitting requirements.
8. The developer shall be responsible for all costs associated with any wetland mitigation required to construct the public or private improvements.
9. The applicant shall enter into a Development Agreement with the City of Annandale for the proposed improvements.
10. The applicant shall enter into a Stormwater Maintenance Agreement with the City of Annandale for the stormwater ponds proposed on Lot 1 Block 2.
11. The applicant shall be responsible for obtaining a NPDES Construction Stormwater Permit. A copy of the permit shall be submitted to the city prior to construction.
12. The proposed bituminous trail along Pintail Drive shall be contained within an easement. The applicant shall provide a legal description and exhibit of the easement for the review of the city.
13. The proposed bituminous trail along Willows Drive shall be constructed within the right-of-way.
14. The applicant shall verify the location of the existing gas main and associated easement located within the plat boundaries. The information shall be included on all construction grading, erosion control, and utility plan sheets.
15. The sidewalk proposed between Lot 1 Block 2 and the existing trail along the north side of the property shall be privately owned and maintained.
16. All pedestrian facilities shall be constructed in accordance with all applicable ADA and PROWAG standards.
17. All bituminous trails shall be 10 feet in width.
18. The applicant shall provide the City of Annandale with electronic .dwg files for the project linework and topography including point files.
19. The curb and gutter on Willows Drive shall be B618.
20. The site access locations for Lot 1 Block 1 and Lot 1 Block 3 shall be re-evaluated when site plan applications for those properties are submitted.
21. Temporary cul-de-sacs shall be constructed on all dead-end roadways within the plat boundaries.
22. All roadways shall be constructed with a minimum of 12-inches aggregate base class 5.
23. Streetlight spacing shall not exceed 350-feet.
24. Submittals shall be provided for the streetlights proposed within the development.
25. All signage sheeting shall be Diamond Grade DG3.
26. A minimum of 3 type III barricades shall be placed at all dead-end street locations.

Schultz Engineering Plans - Stormwater

27. Rational Storm Sewer Design: On-site storm sewer shall be sized for a 3-year Atlas 14 rational method design. The applicant shall submit on-site storm sewer design calculations spreadsheet for the storm sewer system and a drainage area map showing each catchment with manholes



and catch basins labeled. Include individual pipe segment velocities with calculations for review.

- a. Pipe sizes and slopes should be selected to provide a minimum open channel velocity of 3 feet per second.
- b. Maximum storm sewer velocities should be kept at 10 feet per second or less.
- c. Please show storm catch basin IDs, pipe sizes, grades, elevations, and drainage areas on the plans consistent with the rational design tables.
- d. Pipe outlets to wet ponds should be placed at the NWL.

28. SWPPP Comments – Submit the following per the MPCA SWPPP checklist:

- a. SWPPP Narrative comments listed below
  - i. Identify the person knowledgeable and experienced who will oversee the implementation of the SWPPP.
  - ii. Identify the entity (name or title) responsible for performing future Operations and Maintenance (O&M).
  - iii. Identify additional measures being taken to protect Drinking Water Supply Management Areas.
- b. SWPPP Plan Sheets comments listed below:
  - i. Locations and types of all temporary and permanent (including infiltration areas) Erosion and Sediment Control BMPs are not shown.
  - ii. Locations of potential pollutant-generating activities, I.e. Washout locations are not shown.
  - iii. Tabulated quantities of all erosion prevention and sediment control BMPs.
  - iv. Areas of steep slopes (3:1 or greater slope)?
  - v. Plans do not show areas that are not to be disturbed or areas where disturbance will be minimized.
  - vi. Pipe outlets to have energy dissipation within 24 hours of connecting, are not shown in SWPPP Sheets.

29. Seeding: In no mow areas and within stormwater ponds use native seeding mixes.

Westwood PS Plans - Stormwater

30. Rational Storm Sewer Design: On-site storm sewer should be sized to at least a 3-year Atlas 14 rational method design. Submit on-site storm sewer design calculations spreadsheet for the storm sewer system and a drainage area map showing each catchment with manholes and catch basins labeled. Include individual pipe segment velocities with calculations for review.



- a. Pipe sizes and slopes should be selected to provide a minimum open channel velocity of 3 feet per second.
  - b. Maximum storm sewer velocities should be kept at 10 feet per second or less.
  - c. Please show storm catch basin IDs, pipe sizes, grades, elevations, and drainage areas on the plans consistent with the rational design tables.
  - d. Pipe outlets to wet ponds should be placed at the NWL.
31. Pond Labels – Label all pond names, EOF's, HWL, and NWL within the plan set.
  32. Borings: Provide soil borings and a geotechnical report for the proposed stormwater ponds and assess whether pond liners are needed within the DWSMA.
  33. HydroCAD: The model uses a Type II 24-hr rainfall distribution instead of the current industry standard MSE 3 24-hr. Update the model using the MSE 3 24-hr distribution with Atlas 14 rainfall data or explain why this not appropriate.
  34. Seeding: In no mow areas and within the ponds use native seeding mixes.

Additional Plan Comments

35. All storm sewer piping located within public right-of-way or easements shall be RCP, PVC, or A-2000 pipe material.
36. All mortar used on concrete structures and adjusting rings shall be approved for underground utility use with 8 to 9% air entrainment.
37. A minimum of one soil boring shall be provided for all pond locations.
38. As required by the MPCA SWPPP checklist, the plans should include a comment regarding minimizing soil compaction and preserving topsoil.
39. All rip-rap shall be granite.
40. All pipe connections to storm sewer structures shall be watertight.
41. All flared end sections shall be concrete.
42. Pre-treatment is required prior to infiltration basins/dry ponds.
43. The applicant shall obtain a MPCA sanitary sewer extension permit and submit a copy to the city.
44. The applicant shall obtain a MDH watermain extension permit and submit a copy to the city.
45. All watermain shall be PVC.
46. All gate valves shall be Mueller Aqua-Grip.
47. All hydrants shall be Mueller Centurion with Aqua-Grip.
48. Umbrella anchorage assemblies shall be installed on all gate valves.
49. Operating rods shall be installed on all gate valves and shall not be fastened to the gate valve operating nut.
50. All watermain shall be installed with a minimum of 8 feet of cover to the top of the pipe.

51. Ninety-degree bends are not permitted on watermain and shall consist of multiple forty-five degree bends or tees for future extension.
52. All watermain fittings shall be fusion bonded epoxy.
53. All non-conductive water piping and sanitary sewer service materials shall be constructed with a trace system in accordance with MN Rural Water standards.
54. The watermain within Willows Drive shall be 12-inches in diameter.
55. The contractor shall be responsible for obtaining two consecutive passing bacteriological tests from the proposed watermain. Testing results shall be provided to the city. Test water shall not be disposed of into the city's sanitary sewer system.
56. Separate domestic and fire suppression services shall be provided to the proposed building.
57. Sanitary sewer clean-out spacing shall not exceed 75 feet.
58. The construction details, sheet 7 of 8, include an outside drop manhole. The utility plans do not identify an outside drop manhole. The detail shall be deleted if no outside drop is proposed.
59. The applicant shall submit a street lighting plan. Streetlight spacing shall not exceed 350-feet.
60. Submittals shall be provided for the streetlights proposed within the development.
61. The plans include a retaining wall detail. All proposed retaining walls shall be clearly identified on the construction documents or the detail shall be removed if not required.
62. The applicant shall submit an irrigation plan.
63. All construction shall be in accordance with City of Annandale standards.
64. Revised plans shall be signed and shall be labeled "Final Construction Plans".
65. A pre-construction meeting shall be scheduled with the City of Annandale and conducted at Annandale City Hall prior to construction at the site.

We recommend approval of the preliminary and final plat contingent on the above referenced comments and those comments provided by other city staff, commissions, and council.

If you have any questions on the above, please call.

Sincerely,

**Bolton & Menk, Inc.**



**Jared Voge, P.E.**  
Principal Engineer

# CITY OF ANNANDALE

## REQUEST FOR COUNCIL ACTION

Originating Department: <b>Administration</b>	Meeting Date: <b>October 17, 2022</b>	Agenda No. <b>3B</b>
Agenda Section: <b>New Business</b>	Item: <b>Ordinance Amending Council Pay</b>	

**Background:**

The City Council is allowed to amend the Council's compensation, but state law restricts the effective date of any increase until after the next general election. If the Council wishes to amend the current pay, this action needs to take place prior to November 8, 2022.

Below is a summary of Council pay gathered from other Wright County cities. As shown in the below chart, Annandale is below average.

City	Mayor	Council	Spec Mtg	Notes
Howard Lake	\$ 5,000	\$ 3,750	\$ 75	
Maple Lake	\$ 1,440	\$ 1,440		Annual Amount Estimated
Buffalo	\$ 7,500	\$ 5,000		
Monticello	\$ 8,400	\$ 7,200		
Clearwater	\$ 5,940	\$ 4,140	125/50/20	Annual Amount Estimated
Delano	\$ 6,600	\$ 4,500	50/10	
Rockford	\$ 6,600	\$ 4,500		
Hanover	\$ 1,650	\$ 1,250	\$ 30	
Albertville	\$ 4,800	\$ 3,600		
Montrose	\$ 1,500	\$ 1,200	\$ 50	
Average	\$ 4,943	\$ 3,658		
Annandale	\$ 2,460	\$ 1,740	\$ 25	
Variance from Avg	\$ (2,483)	\$ (1,918)		

Attached are two ordinances that would increase council wages to \$5100 for Mayor and \$3600 for Council over a period of two years. The proposed pay in two years is more in line with area cities. Ordinance 398 would go into effect on January 1, 2023 and Ordinance 399 would go into effect on January 1, 2024.

**Council Action Requested:** Motion to adopt Ordinance 398 and 399 as presented.

**ORDINANCE NO. 398**  
**AMENDING CHAPTER 30.08 COMPENSATION OF MAYOR AND COUNCIL**  
**MEMBERS**

**The Council of the City of Annandale, Minnesota does hereby ordain:**

**Section 1.** Chapter 30.08 is amended in its entirety as follows:

**30.58 COMPENSATION OF MAYOR AND COUNCIL MEMBERS**

The monthly salary for the offices of Mayor and councilmembers shall be as follows:

- (A) Mayor: \$315; and
- (B) Councilmembers: \$222.50.

The salary for special meetings when a quorum is present is \$30 per meeting.

**Section 2.** This Ordinance shall be placed into effective January 1, 2022.

Adopted this 17<sup>th</sup> day of October, 2022.

ATTEST:

\_\_\_\_\_  
Shelly Jonas, Mayor

\_\_\_\_\_  
Kelly Hinnenkamp, City Administrator/Clerk

**ORDINANCE NO. 399**  
**AMENDING CHAPTER 30.08 COMPENSATION OF MAYOR AND COUNCIL**  
**MEMBERS**

**The Council of the City of Annandale, Minnesota does hereby ordain:**

**Section 1.** Chapter 30.08 is amended in its entirety as follows:

**30.58 COMPENSATION OF MAYOR AND COUNCIL MEMBERS**

The monthly salary for the offices of Mayor and councilmembers shall be as follows:

- (A) Mayor: \$425; and
- (B) Councilmembers: \$300.

The salary for special meetings when a quorum is present is \$30 per meeting.

**Section 2.** This Ordinance shall be placed into effective January 1, 2023.

Adopted this 17<sup>th</sup> day of October, 2022.

ATTEST:

\_\_\_\_\_  
Shelly Jonas, Mayor

\_\_\_\_\_  
Kelly Hinnenkamp, City Administrator/Clerk

# CITY OF ANNANDALE

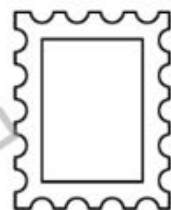
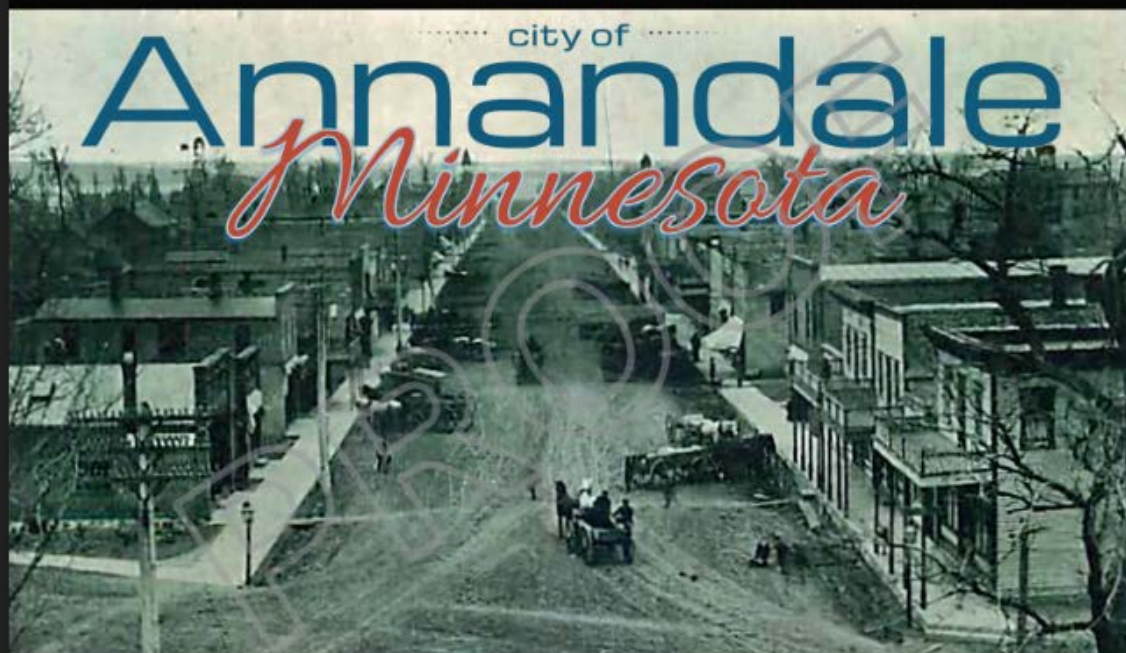
## REQUEST FOR COUNCIL ACTION

Originating Department: <b>Administration</b>	Meeting Date: <b>October 17, 2022</b>	Agenda No. <b>3C</b>
Agenda Section: <b>New Business</b>	Item: <b>Use of the City Logo</b>	
<p><b>Background:</b> At the September meeting Council considered a request regarding use of the City logo for post cards that would be sold at Vintage Patina. Staff has reviewed the use of the City's logo with the City Attorney. She confirmed that the City does own the logo and that we established common law copyright ownership of the logo by using it. She agreed that the City has discretion in who is allowed to use the logo.</p> <p>Attached is a copy of the proposed layouts.</p> <p><b>Council Action Requested:</b> Will be discussed at the meeting.</p>		

City of *Heart of the Lakes*  
**Annandale**



PROOF





# CITY OF ANNANDALE

## REQUEST FOR COUNCIL ACTION

Originating Department: <b>Administration</b>	Meeting Date: <b>October 17, 2022</b>	Agenda No. <b>3D</b>
Agenda Section: <b>New Business</b>	Item: <b>Quotes for City Hall Improvements</b>	
<b>Background:</b> Staff is working to finalize quotes for the carpet and workstations. These will be presented to Council at the meeting.		
<b>Council Action Requested:</b> Will be discussed at the meeting.		

# CITY OF ANNANDALE

## REQUEST FOR COUNCIL ACTION

Originating Department: <b>Administration</b>	Meeting Date: <b>October 17, 2022</b>	Agenda No. <b>3E</b>
Agenda Section: <b>New Business</b>	Item: <b>Renewal for Health and Life Insurance</b>	
<p><b>Background:</b> The City received the Health Insurance renewal from PEIP. This is year 2 of our 2-year contract. The proposed rates are an increase of 20%. This increase is based on using a different underwriting model than what they have used in prior years. We are no longer rated under one large pool, we are put into smaller pools based on each group's claim experience.</p> <p>The City's insurance agent Jim Latour compared the proposed rates to what is available by other providers and these rates are still very competitive in comparison. If these increases continue, the City could look at getting quotes for the 2024 renewal.</p> <p><b>Council Action Requested:</b> Motion to approve the City's Health and Life Insurance renewal with PEIP as proposed.</p>		



September 30, 2022

Kelly Hinnenkamp  
City Of Annandale  
30 Cedar Street E  
Annandale, MN 55302

RE: January 2023 PEIP Renewal for City Of Annandale

Dear Kelly:

Thank you for your participation in the Public Employees Insurance Program (PEIP) Pool. We hope the program continues to fulfill your insurance needs.

The January 2023 renewals were calculated with revised underwriting guidelines. In the past PEIP was very successful in pooling claims from all groups and giving similar renewals to those groups based on the program's total claims experience. This approach shielded groups from the sometimes-significant volatility of their rates from year to year. Over the last 12 years the renewal increases averaged 3.6% using that strategy.

Unfortunately, we can no longer use that underwriting model. Over the last two years groups have left the program for expected short-term savings, rather than continuing to benefit from the long-term solution of a single pool. Most groups leaving had better than average claims experience, leaving higher risk groups remaining. The benefit of pooling all groups together is only realized with long-term commitment to the pool. While groups' risks can change widely from year to year, the program is forced to change our methods to ensure stability of the pool. Starting with last year's renewal, groups will be rated differently from the previous premium bands that were used. While there will be continued pooling/banding of groups, it will be determined more by each group's own claims experience. As a result, some groups will see very significant changes in their January renewal rates. PEIP underwriters need to make any changes necessary to protect the financial stability of the pool.

PEIP continues to offer unique features to all public employer groups.

- An individual choice of three network providers for each employee, along with three plan design options.
- Very low administrative costs by leveraging with the state of Minnesota employees' contracts with each of the three network carriers.

#### **Plan Changes for 2023**

The only plan change for 2023 is to increase the deductible on the HSA cost level 1 plan to \$3,000 per family member/\$3,200 per family. The change ensures the plan continues to meet the minimum deductible limits required by the IRS.

**January 2023 will be the start of year 2 of your two-year commitment in the PEIP program per the PEIP statute and group application (see the rule below).**

#### **43A.316 PUBLIC EMPLOYEES INSURANCE PROGRAM.**

**(d) Participation in the program is for a two-year term. Participation is automatically renewed for an additional two-year term unless the exclusive representative, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least 30 days before expiration of the participation period. A group that withdraws must wait two years before rejoining. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase 50 percent or more from one insurance year to the next.**

The PEIP 2023 clinic directory will be available on the PEIP website by mid-October. Please make sure members review their clinics for any cost level changes.

During open enrollment, your insurance eligible employees will have the opportunity to change health plans and carrier networks. Reminder, there is not an open enrollment for dental coverage. Please have the open enrollment completed by November 18, 2022. Updated plan summaries and other enrollment information is included with the renewal. Forms can also be found on PEIP's website at [www.innovomn.com](http://www.innovomn.com). For retirees over age 65, individual Medicare Advantage and Cost policies are available. Please call Innovo Benefits Administration at 1-800-829-5601 or contact your plan administrator for more details or visit our website at [www.innovomn.com](http://www.innovomn.com).

Employees and dependents who wish to change health plans or networks must complete an Enrollment Form (or online enrollment) for the change. A primary care clinic number for each member is required. ***Participants staying with the same carrier who wish to change their primary care clinic must contact the carrier directly.*** Primary care clinics can be changed at any time by calling the customer service number on the member's ID card.

**All completed enrollments and any changes to your group's eligibility requirements must be submitted to Innovo Benefits Administration, PEIP's administrator, by November 18, 2022. Please plan your open enrollment to meet that deadline.**

**\*\*\*\* Please send enrollment/changes to Innovo for those employees making a plan, carrier or family changes only. No form is required for those employees maintaining current coverage. \*\*\*\***

As the sponsor of the group insurance, you may change or add additional PEIP product options (e.g. life and dental coverages) and change your eligibility requirements at this time. Eligibility criteria includes number of hours worked per week to be eligible, new employee waiting periods before coverage becomes effective, etc. Any changes made to your current eligibility policy must be made in writing and sent to Innovo.

Participation is automatically renewed for an additional two-year term unless the exclusive representative, or the employer for unrepresented employees gives the commissioner notice of withdrawal at least 30 days before expiration of the participation period. A PowerPoint presentation that explains the plan choices and instructions on completing the employee enrollment will be sent in a separate email.

Please submit all forms via fax, email or mail to:

Innovo Benefits Administration  
Attn: PEIP  
7805 Telegraph Road, Suite 110  
Bloomington, MN 55438  
Secure Fax: 952-746-3108  
Email: [service@innovomn.com](mailto:service@innovomn.com)

Please forward the renewal rate information to your COBRA, Minnesota continuation, disabled, and early retiree participants (if any). If PEIP manages your COBRA, Innovo will send out the information to these participants.

If you have any questions, please call 952-746-3101 or 1-800-829-5601 or email [shawn@innovomn.com](mailto:shawn@innovomn.com). We look forward to another year of serving you.

Sincerely,



Shawn Byrne  
Manager

Cc: Agent, if applicable

**City Of Annandale**  
**1/1/2023 Renewal Rates**  
**Advantage Plans**

In accordance with MN Stat.471.61, renewal rates for retirees who are under age 65 are blended with the rates for active employees. Eligible retirees currently on continuation are included in the rate structure.

**2022 vs 2023 MEDICAL RATES**

		<i>Current Rates</i>	<i>Renewal Rates 2023</i>
Advantage High Option	Single Family	\$ 647.84 \$1,687.70	\$ 779.06 \$2,037.29
Advantage Value Option	Single Family	\$ 584.46 \$1,518.48	\$ 702.37 \$1,832.53
Advantage HSA Option	Single Family	\$ 459.60 \$1,184.12	\$ 551.29 \$1,427.96

If you work with an agent, please confirm commission amount with them. Rates shown include commission, if Applicable.

**2022 VS 2023 DENTAL RATES – PREVENTIVE PLAN (CLOSED TO NEW ENROLLMENT), if applicable**

	<i>Current</i>	<i>Renewal</i>
Monthly Rate - Employer Pays 90% or More of Cost	\$11.72 \$35.57	\$12.45 \$37.71
Monthly Rate - Employer Pays 50-89% Of Cost	\$12.76 \$39.48	\$13.54 \$41.88

**2022 VS 2023 DENTAL RATES – COMPREHENSIVE PLAN, if applicable**

	<i>Current</i>	<i>Renewal</i>
Monthly Rate - Employer Pays 90% or More of Cost	\$40.16 \$95.73	\$42.60 \$101.51
Monthly Rate - Employer Pays 50-89% Of Cost	\$44.43 \$104.95	\$47.14 \$111.30

**2023 LIFE RATES, if applicable**

Basic Life/AD&D	\$ .18/1,000																		
Dependent Life	\$1.18																		
Supplemental Life (Per Thousand)	<table> <tr> <td><u>Age</u></td><td></td></tr> <tr> <td>&lt;35</td><td>\$.11</td></tr> <tr> <td>35-39</td><td>\$.13</td></tr> <tr> <td>40-44</td><td>\$.17</td></tr> <tr> <td>45-49</td><td>\$.26</td></tr> <tr> <td>50-54</td><td>\$.44</td></tr> <tr> <td>55-59</td><td>\$.71</td></tr> <tr> <td>60-64</td><td>\$.79</td></tr> <tr> <td>65-69</td><td>\$1.49</td></tr> </table>	<u>Age</u>		<35	\$.11	35-39	\$.13	40-44	\$.17	45-49	\$.26	50-54	\$.44	55-59	\$.71	60-64	\$.79	65-69	\$1.49
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