

**Barnesville City Council**  
**Regular Meeting**  
**June 11, 2012**

Mayor Dahnke called this regular meeting to order at 7:00 p.m. Members present were Mayor Dahnke and Council members Darin Allmaras, Betty Strom, Richard Sylvester, Cathy Enstad, Larry Davis, Jr. and Jason Rick. Others in attendance were, City Administrator Mike Rietz, Chris McShane with Ohnstad Twichell, City Clerk Jeri Reep, EDA Director Karen Lauer, Finance Director Laurie Schell, Police Chief Dean Ernst, Brandon Anderson with People Service, TEC Manager Guy Swenson, Public Works Supt. Terry Ystenes, Dan Hanson with Moore Engineering, Tim Dockter, Kevin Schnipke with K & M Tire and Pam Aakre with the Record Review.

Mayor Dahnke called the meeting to order at 7:00 p.m.

Mayor Dahnke asked City Administrator Mike Rietz to take roll call.

The next item on the agenda was the pledge of allegiance. All rose to recite the pledge of allegiance.

Mayor Dahnke next asked if there were any corrections or additions to the agenda. City Administrator Mike Rietz stated the only item to add to the agenda was the approval to advertise for a Recycling Attendant.

**06-11-12-01** Motion by Mr. Davis and second by Mr. Rick to approve the agenda as presented, with the addition of approval to advertise for a Recycling Attendant. Motion carried.

**06-11-12-02** Motion by Mr. Davis and second by Mr. Allmaras to approve the consent agenda as presented. Motion carried. The following items were on the consent agenda:

1. Approval of the minutes of the regular meeting held on May 14, 2012.
2. Approval of the minutes of the special meeting held on May 14, 2012.
3. Approval of the minutes of the special meeting held on May 29, 2012.
4. Department head reports.
5. Approval of check numbers 733343-73546 in the amount of \$286,955.28 and EFT's in the amount of \$143,979.96.
6. Approval to hire Robbie Strand for seasonal Golf Course groundskeeper at \$7.50 per hour.
7. Approval to hire Zachary Hochhalter for seasonal Golf Course groundskeeper at \$7.50 per hour.
8. Approval to hire Brenda Amundson for seasonal Golf Course pro shop employee at \$7.25 per hour.
9. Approval to hire Joshua Smith and Jonah Kletsch for seasonal part-time public works at \$7.50 per hour.
10. Approval to accept the resignation for Recycle Attendant Wally Mulcahy.
11. Approval to advertise for a Recycling Center Attendant.

12. Approval of volunteer Michael Detloff to watering the flower baskets and planters on Front Street with the use of city owned equipment.

Mayor Dahnke stated the next item on the agenda was the board and commission report.

Mayor Dahnke stated that the Fire Board would be meeting in July.

Council member Strom stated that Blue Eagle Lake has been opened for the season.

Council member Sylvester stated that the Community Education would have a meeting in August.

**06-11-12-03** Motion by Mr. Davis and second by Mrs. Enstad to approve the board and commission reports as presented. Motion carried.

Mayor Dahnke stated the next item on the agenda was the Barnesville KC's liquor request for Potato Days.

**06-11-12-04** Motion by Mr. Davis and second by Mr. Rick to approve the Barnesville KC's temporary on-sale liquor license for August 25<sup>th</sup> and August 26<sup>th</sup>, 2012. Motion carried.

Mayor Dahnke stated the next item on the agenda was the public hearing on the establishment of TIF District 1-7.

**06-11-12-05** Motion by Mr. Allmaras and second by Mr. Rick to open the public hearing for the establishment of TIF District 1-7. No vote was taken at this time.

Mayor Dahnke stated that they would next discuss the resolution calling for a public hearing for TIF District 1-8.

City Administrator Mike Rietz informed council members that this is to call a public hearing at the July regular meeting for the TIF 1-8 Rothsay Farmers Coop.

**06-11-12-06** Motion by Mr. Rick and second by Mr. Allmaras to approve the following resolution. The following council members voted aye: Council member Rick, Allmaras, Strom, Davis, Sylvester and Enstad. The following voted nay: none. Motion carried.

**CITY OF BARNESVILLE  
CLAY COUNTY, MINNESOTA**

**RESOLUTION NO. 06-11-12-06**

**RESOLUTION CALLING FOR A PUBLIC HEARING BY THE CITY COUNCIL  
ON THE PROPOSED ADOPTION OF A MODIFICATION TO THE  
REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 1 AND  
THE PROPOSED ESTABLISHMENT OF TAX INCREMENT FINANCING  
DISTRICT NO. 1-8 THEREIN AND THE ADOPTION OF A TAX INCREMENT  
FINANCING PLAN THEREFOR.**

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

Section 1. Public Hearing. This Council shall meet on July 9, 2012, at approximately 7:00 P.M., to hold a public hearing on the proposed adoption of a Modification to the Redevelopment Plan for Redevelopment Project No. 1 (the "Redevelopment Plan Modification"), the proposed establishment of Tax Increment Financing District No. 1-8 (a redevelopment district), and the proposed adoption of a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"), all pursuant to and accordance with Minnesota Statutes, Sections 469.090 to 469.1082, and Sections 469.174 to 469.1799, inclusive, as amended, in an effort to encourage the development and redevelopment of certain designated areas within the City; and

Section 2. Notice of Public Hearing, Filing of Plans. City staff is authorized and directed to work with Ehlers & Associates, Inc., to prepare the Plans and to forward documents to the appropriate taxing jurisdictions including Clay County and Independent School District No. 146. The City Administrator is authorized and directed to cause notice of the hearing, together with an appropriate map as required by law, to be published at least once in the official newspaper of the City not later than 10, nor more than 30, days prior to July 9, 2012, and to place a copy of the Plans on file in the City Administrator's office at City Hall and to make such copy available for inspection by the public.

Dated: June 11, 2012

Adopted:

\_\_\_\_\_  
Fred Dahnke, Mayor

ATTEST:

\_\_\_\_\_  
Michael Rietz, City Administrator

Mayor Dahnke stated the next item on the agenda was the resolution to decertifying parcels in TIF District 1-1.

City Administrator Mike Rietz informed council members that this is the first two parcels on which homes in the Heartland Addition were built that have now received 14 years of full increment and are ready to be decertified.

**06-11-12-07** Motion by Mr. Allmaras and second by Mrs. Strom to approve the following resolution. Upon a roll call vote, the following members voted aye: Council members Rick, Allmaras, Strom, Davis, Sylvester, and Enstad. The following voted nay: none. Motion carried.

**CITY OF BARNESVILLE  
CLAY COUNTY, MINNESOTA  
RESOLUTION NO. 06-11-12-07  
RESOLUTION APPROVING THE ELIMINATION OF PARCELS FROM  
TAX INCREMENT FINANCING DISTRICT NO. 1-1 WITHIN  
REDEVELOPMENT PROJECT NO. 1 OF THE CITY OF BARNESVILLE.**

WHEREAS, on July 8, 1996, the City of Barnesville (the "City") created its Tax Increment Financing District No. 1-1 (the "TIF District") within its Redevelopment Project No. 1 (the "Project") by approval of a tax increment financing plan (the "TIF Plan") for the TIF District; and

WHEREAS, the Barnesville Economic Development Authority (the "EDA") is the administrative authority for the TIF District; and

WHEREAS, the following properties, by property identification numbers, were included in the TIF District:

50.335.0190  
50.335.0200

WHEREAS, the City desires by this resolution to amend the TIF Plan to remove the above-described parcels from the TIF District, thereby reducing the size thereof; and

WHEREAS, the total current net tax capacity of the parcels to be eliminated from the TIF District equals or exceeds the original net tax capacity and, therefore this amendment to the TIF Plan is accomplished pursuant to *Minnesota Statutes, Section 469.175, Subdivision 4, clause (e)(2)(A)*.

NOW THEREFORE, BE IT RESOLVED by the City that the TIF Plan for the TIF District is hereby amended to remove the described parcels and the City Administrator is authorized and directed to notify the County Auditor thereof pursuant to *Minnesota Statutes, Section 469.175, Subdivision 4, clause (e)*.

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

1. The tax increment financing plan (the "TIF Plan") for the TIF District is hereby modified to remove the Parcels from the TIF District, effective for taxes payable in 2013.

2. Upon approval of a similar resolution by the EDA, staff are authorized and directed to file a copy of this resolution with the County Auditor of Clay County along with instructions to adjust the records for the TIF District accordingly.

ADOPTED: June 11, 2012

ATTEST:

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Fred Dahnke  
Mayor

\_\_\_\_\_  
Michael Rietz  
City Administrator

Mayor Dahnke stated the next item on the agenda was the 2<sup>nd</sup> reading of Ordinance 2012-05, an ordinance on home occupations.

City Administrator Mike Rietz stated that no changes have been made since the last meeting.

**06-11-12-08** Motion by Mr. Rick and second by Mrs. Enstad to approve the 2<sup>nd</sup> reading of Ordinance 2012-05. Motion carried.

Ordinance 2012-05

AN ORDINANCE TO AMEND SECTIONS 11.11, 11.12, 11.13, 11.14 AND 11.41 OF THE BARNESVILLE MUNICIPAL CODE RELATING TO HOME OCCUPATIONS

BE IT ORDAINED by the City Council of the City of Barnesville that Sections 11.11, 11.12, 11.13, 11.14 and 11.41, Subd. 1 of the Barnesville Municipal Code is hereby amended as follows:

**SEC. 11.11. R-1 SINGLE FAMILY RESIDENTIAL DISTRICT**

**Subd. 2. Permitted Uses**

I. Home Occupations (See Section 11.41)

**Subd. 3. Conditional Uses**

~~B. Home Occupations (See Section 11.41)~~

**SEC. 11.12. R-2 URBAN RESIDENTIAL DISTRICT**

**Subd. 2. Permitted Uses**

J. Home Occupations (See Section 11.41)

**Subd. 3. Conditional Uses**

~~B. Home Occupations (See Section 11.41)~~

**SEC. 11.13. R-3 MULTI-FAMILY RESIDENTIAL DISTRICT**

**Subd. 2. Permitted Uses**

J. Home Occupations (See Section 11.41)

**Subd. 3. Conditional Uses**

~~B. Home Occupations (See Section 11.41)~~

**SEC. 11.14. R-4 MOBILE HOME DISTRICT**

## Subd. 2. Permitted Uses

D. Home Occupations (See Section 11.41)

## Subd. 3. Conditional Uses

~~B. Home Occupations~~

### SEC. 11.41. HOME OCCUPATIONS.

**Subd. 1. General.** Home occupations are permitted in residential districts in accordance with the other provisions of this Chapter.

A. The home occupation shall be conducted by a member of the family residing in the dwelling unit with not more than one employee who is not a member of the family residing in the dwelling unit.

B. All activities of the home occupation shall be conducted wholly within the principal or accessory structures and shall occupy not more than twenty-five percent (25%) of the main floor of the dwelling unit.

C. **Only** signs as permitted in Section 11.40 are allowed.

D. Exterior storage of materials or variation from the residential character of the principal structure shall not be permitted.

E. Objectionable noise, vibration, smoke, dust, electrical disturbance, odors, heat or glare shall not be produced by the activities associated with the home occupation.

F. No home occupation shall require internal or external alterations or involve construction features not customarily found in dwellings except where required to comply with local and state fire and police recommendations.

G. No home occupation shall be conducted between the hours of ten o'clock (10:00) P.M. and seven o'clock (7:00) A.M. unless said occupation is contained entirely within the principal building and will not require any on street parking facilities.

H. Home occupations shall not create a parking demand in excess of that which can be accommodated in an existing driveway, where no vehicle is parked closer than fifteen feet (15') from the curb line or edge of paved surface.

I. The home occupation shall not involve any of the following: small engine, auto repair or reconditioning, or manufacturing.

J. Garage sales, yard sales and/or one time seasonal sales shall be conducted no more than six (6) days total in any one hundred eighty (180) day period.

EFFECTIVE DATE: This ordinance become effective upon its passage and enactment, followed by publication according to law.

PASSED AND ADOPTED by the Barnesville City Council this 11th day of June, 2012.

By:

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Fred Dahnke  
Mayor

Attest:

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Jeri Reep  
City Clerk

First Reading: May 14, 2012  
Second Reading: June 11, 2012  
Adopted: June 11, 2012  
Published: July 16, 2012

Mayor Dahnke stated the next item on the agenda was the state performance measurement program community survey.

City Administrator Mike Rietz informed council members that the survey we currently have on our website is being done to meet the requirements of the State Performance Measures program that we have agreed to participate in last year. Participation in this program make us exempt from Levy Limits, which at this time the Legislature has not adopted, and it also allows us to receive a small reimbursement of our cute in LGA.

**06-11-12-09** Motion by Mr. Sylvester and second by Mrs. Strom to approve the State Performance Measures Program – Community Survey as presented. Motion carried.

Mayor Dahnke stated the next item on the agenda was the approval of gambling permit applications.

City Administrator Mike Rietz informed council members that Personnel & Finance portfolio is recommending authorizing the City Administrator to approve or deny exempt gambling applications as they come in with the applicant having the ability to appeal that decision to the council. The gambling applications would be placed on the consent agenda at the meeting after the submission of the form.

**06-11-12-10** Motion by Mr. Rick and second by Mr. Sylvester to authorize City Administrator Mike Rietz to approve or deny exempt gambling applications, and then placed on the consent agenda at the meeting after the submission of the form. Motion carried.

Mayor Dahnke stated the next item on the agenda was the City Hall Thursday night hours.

City Administrator Mike Rietz informed council members that Personnel and Finance portfolio recommends changing closing time on Thursday nights from 7:00 p.m. to 6:00 p.m. Mr. Rietz stated that city staff has been keeping track of the customer traffic on Thursday evenings. Based on this information, Personnel and Finance is recommending to changing the closing times.

**06-11-12-11** Motion by Mr. Sylvester and second by Mrs. Enstad to change the closing time for City Hall on Thursday evenings from 7:00 p.m. to 6:00 p.m. Motion carried.

Mayor Dahnke stated the next item on the agenda was the Missouri River Energy Services Electric Rate study proposal.

TEC Manager Guy Swenson stated that the last rate study was completed by Missouri River Energy Services in 2008. Since that time there have been several changes in our wholesale power and transmission costs. Staff is recommending MRES conduct another rate study. The cost of the study is \$13,000.00; MRES will cover 50% of the cost of the study, lowering the cost to \$6500.00. Staff can include this expense in the 2013 budget.

**06-11-12-12** Motion by Mrs. Enstad and second by Mr. Sylvester to authorize TEC Manager Guy Swenson to sign and return to Missouri River Energy Services the Scope of Services authorizing Missouri River Energy Services to conduct an electric rate study to begin in the fall of 2012 and be completed in 2013. The study will be paid with funds from the 2013 budget. Motion carried.

Mayor Dahnke stated the next item on the agenda was the Calix Management server purchase.

TEC Manager Guy Swenson informed council members that several months ago staff began to experience problems with the Calix Management Server currently in service. That server was installed in 2006. Staff has received two quotes for replacement services. The two quotes received were from Digicom Technologies in the amount of \$2,795.00 and from Dell Marketing in the amount of \$2,467.08. Mr. Swenson stated that there are funds in the capital to cover this purchase.

**06-11-12-13** Motion by Mr. Davis and second by Mr. Rick to approve the purchase of the replacement Calix management server from Dell Marketing in the amount of \$2,467.08. Motion carried.

Mayor Dahnke stated the next item on the agenda was the 1<sup>st</sup> reading of Ordinance 2012-06 regarding bulk water rates.

City Administrator Mike Rietz stated that the Public Works committee is recommending changing the rate for bulk water from \$4.00 per 1000 gallons to \$5.00 per 1000 gallons. This is water that we sell at the water plant to construction companies and other users of water that fill tanker trucks with water for private use.

**06-11-12-14** Motion by Mr. Davis and second by Mr. Sylvester to approve the 1<sup>st</sup> reading of Ordinance 2012-06. Motion carried.

**CITY OF BARNESVILLE  
ORDINANCE NO. 2012-06**

**AN ORDINANCE ADOPTING CHAPTER 19, SEC. 3.30(C) OF THE MUNICIPAL  
CODE REGARDING THE RATE FOR THE SALE OF BULK WATER.**

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Barnesville as follows:

CHAPTER 19, SECTION 3.30(C) is adopted to read as follows:

C. Rate for the Sale of Bulk Water: Bulk water shall be sold at a rate of \$5 per 1000 gallons plus a \$25 administration fee.

PASSED AND ADOPTED by the Barnesville City Council this 9th day of July, 2012.

APPROVED:

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Fred Dahnke, Mayor

ATTEST:

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Jeri Reep, City Clerk

First Reading: June 11, 2012  
Second Reading: July 9, 2012  
Adopted: July 9, 2012  
Publication: July 16, 2012

Mayor Dahnke stated the next item on the agenda was the resolution accepting petition for improvements and ordering feasibility report for Commercial Park.

City Administrator Mike Rietz informed council members that this is a grant from the State. Mr. Rietz was recommending accepting the resolution declaring adequacy of petition and ordering preparation of report.

**06-11-12-15** Motion by Mr. Allmaras and second by Mrs. Enstad to approve the following resolution. Upon a roll call vote, the following voted aye: Council members Rick, Allmaras, Strom, Davis, Sylvester and Enstad. The following voted nay: none. Motion carried.

**CITY OF BARNESVILLE  
CLAY COUNTY, MINNESOTA**

**RESOLUTION NO. 06-11-12-15**

**Resolution Declaring Adequacy of Petition and Ordering Preparation of Report**

BE IT RESOLVED BY THE CITY COUNCIL OF BARNESVILLE, MINNESOTA:

1. A certain petition requesting the improvement of the Commercial Park Expansion Area, including 4<sup>th</sup> Ave. NE from the point of its current termination to a point approximately 545 feet to the east, and including a storm water retention pond in the NW Corner of the Expansion area by extension of sanitary sewer, sewer and water services, street and curb and gutter and installation of a storm water retention pond, filed with the council June 11, 2012, is hereby declared to be signed by the required percentage of owners of property affected thereby. This declaration is made in conformity to Minn. Stat. § 429.035.
2. The petition for proposed Barnesville Commercial Park Expansion District No. 1 is hereby referred to Moore Engineering and they are instructed to report to the council with all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

Adopted by the council this 11th day of June, 2012.

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Fred Dahnke  
Mayor

\_\_\_\_\_  
Jeri Reep  
City Clerk

Mayor Dahnke stated the next item on the agenda was the resolution ordering improvement and preparation of plans-Commercial Park.

Mr. Dan Hanson with Moore Engineering next approached the council. Mr. Hanson stated that a feasibility report was completed in May 2011 for the improvement of the Commercial Park expansion area, including 4<sup>th</sup> Ave NE from the point of its current termination to a point approximately 545 feet to the east, and including a storm water retention pond in the NW corner of the expansion area by extension of sanitary sewer, sewer and water services, street and curb and gutter and installation of a storm water retention pond.

**06-11-12-16** Motion by Allmaras and second by Mr. Davis to approve the following resolution. Upon a roll call vote the following voted aye: Council members Rick, Allmaras, Strom, Davis, Sylvester and Enstad. The following voted nay: none. Motion carried.

**CITY OF BARNESVILLE  
CLAY COUNTY, MINNESOTA  
RESOLUTION NO. 06-11-12-16**

**Resolution Ordering Improvement and Preparation of Plans**

WHEREAS, a certain petition requesting the improvement of the Commercial Park Expansion Area, including 4<sup>th</sup> Ave. NE from the point of its current termination to a point approximately 545 feet to the east, and including a storm water retention pond in the NW corner of the expansion area by extension of sanitary sewer, sewer and water services, street and curb and gutter and installation of a storm water retention pond, was duly presented to the council on the 11th day of June, 2012, and

WHEREAS, pursuant to resolution of the council adopted June 11, 2012, a report has been prepared by Moore Engineering with reference to the improvement, proposed Barnesville Commercial Park Expansion District No. 1, and this report was received by the council on June 11, 2012.

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

1. The council finds and determines that said petition was signed by all owners of real property abutting upon the street named as the location of the improvement.
2. Such improvement is hereby ordered as proposed in the council resolution adopted June 11, 2012
3. The city's planning commission has reviewed the proposed capital improvement and reported in writing to the Council its findings as to compliance of the proposed improvement with the comprehensive municipal plan.

4. Dan Hanson with Moore Engineering is hereby designated as the engineer for this improvement, Barnesville Commercial Park Expansion District No. 1. He shall prepare plans and specifications for the making of such improvement.

5. The city council declares its official intent to reimburse itself for the costs of the improvement from the proceeds of tax exempt bonds.

Adopted by the council the 11th day of June, 2012.

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Fred Dahnke, Mayor

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Jeri Reep, City Clerk

Mayor Dahnke stated the next item on the agenda was the declaration of official intent.

City Administrator Mike Rietz stated that this declaration of official intent will allow the City to pay ourselves back from the bond sales.

**06-11-12-17** Motion by Mr. Rick and second by Mr. Allmaras to approve the following declaration of official intent. Motion carried.

#### DECLARATION OF OFFICIAL INTENT

The undersigned, being the duly appointed and acting City Administrator of the City of Barnesville, Minnesota (the "City"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies as follows:

1. The undersigned has been and is on the date hereof duly authorized by the governing body of the City to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the governing body.

2. The City is undertaking a project described as follows:

#### **BARNESVILLE COMMERCIAL PARK EXPANSION DISTRICT NO. 1**

3. The City intends, and reasonably expects, to reimburse itself for the payment of the cost of the project out of the proceeds of a tax-exempt bond issue, debt, or similar borrowing (the "Bonds") to be issued at a later date. Such reimbursement will be made no later than eighteen (18) months after the latter of (a) the date of the expenditure, or (b) the date the project is placed in service or abandoned, but in no event more than three (3) years after the date of expenditure. In the meantime, the City reasonably expects to pay and temporarily finance the costs from the following source or sources of funds: Pooled Funds of the City.

4. The maximum principal amount of Bonds expected to be issued for the payment of the costs of the project is: \$600,000.

5. No costs of the project have heretofore been paid by the City, except for preliminary or start-up expenditures permitted under Section 1-150-2(f)(2) or an expenditure which occurred within sixty (60) days of the date of this Declaration. The City will only reimburse itself for capital expenditures and costs of issuance of the Bonds. In addition, the reimbursement allocation will be evidenced by a proper entry on the City's books and records.

IN WITNESS WHEREOF, the undersigned has executed this Declaration on the 11<sup>th</sup> day of June, 2012.

CITY OF BARNESVILLE

BY:

\_\_\_\_\_  
Michael Rietz  
City Administrator

Mayor Dahnke stated the next item on the agenda was the public hearing on the establishment of TIF District 1-7. Mayor Dahnke stated that earlier in the evening a motion was made by Mr. Allmaras and second by Mr. Rick to open the public hearing for the establishment of TIF District 1-7. No vote was taken at this time. Mayor Dahnke was now asking for a call on the motion to open the hearing at 7:54 p.m. Motion carried

City Administrator Mike Rietz informed council members that this public hearing is required in the establishment of this TIF and gives the public the opportunity to comment. This is being set up as a scattered site TIF and will encompass a larger area than just the K & M Tire property. The reason for this is that it creates the opportunity to provide TIF incentives to other companies that buy land in the Commercial Park that ordinarily might not be a large enough project for a TIF to be cost-effective options.

Mayor Dahnke next asked if there were any comments from the public. There were none.

**06-11-12-18** Motion by Mr. Rick and second by Mrs. Strom to close the public hearing at 7:59 p.m. Motion carried.

Mayor Dahnke stated the next item on the agenda was the resolution establishing TIF District 1-7.

**06-11-12-19** Motion by Mr. Sylvester and second by Mr. Allmaras to approve the following resolution. Upon a roll call vote, the following voted aye: Council members Rick, Allmaras, Strom, Davis, Sylvester, and Enstad. The following voted nay: none. Motion carried.

**CITY OF BARNESVILLE  
CLAY COUNTY  
STATE OF MINNESOTA**

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

**RESOLUTION NO. 06-11-12-19**

**RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT  
PLAN FOR REDEVELOPMENT PROJECT NO. 1; AND ESTABLISHING TAX  
INCREMENT FINANCING DISTRICT NO. 1-7 THEREIN AND ADOPTING A  
TAX INCREMENT FINANCING PLAN THEREFOR.**

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

Section 1.     Recitals.

1.01.     The Board of Commissioners of the Barnesville Economic Development Authority (the "EDA") has heretofore established Redevelopment Project No. 1 and adopted the Redevelopment Plan therefor. It has been proposed by the EDA and the City that the City adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for Redevelopment Project No. 1 (the "Project Area") and establish Tax Increment Financing District No. 1-7 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082 and Sections 469.174 to 469.1799, all inclusive, as amended, (the "Act") all as reflected in the Plans, and presented for the Council's consideration.

1.02.     The EDA and City have investigated the facts relating to the Plans and have caused the Plans to be prepared.

1.03.     The EDA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Plans, including, but not limited to, notification of Clay County and Independent School District No. 146 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Plans by the City Planning Commission, approval of the Plans by the EDA on June 6, 2012, and the holding of a public hearing upon published notice as required by law.

1.04.     Certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05.     The boundaries of Redevelopment Project No. 1 are being expanded to include any property previously annexed into the City. The boundaries of Redevelopment Project No. 1 shall be coterminous with the city limits of the City of Barnesville.

Section 2. Findings for the Adoption and Approval of the Redevelopment Plan Modification.

2.01. The Council approves the Redevelopment Plan Modification, and specifically finds that: (a) the land within the Project area as expanded would not be available for redevelopment without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Redevelopment Plan, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 1-7.

3.01. The Council hereby finds that the District is in the public interest and is an "economic development district" under Minnesota Statutes, Section 469.174, Subd. 12 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Plans conform to the general plan for the development or redevelopment of the City as a whole; and that the Plans will afford maximum opportunity consistent with the sound needs of the City as a whole, for the redevelopment or development of the District by private enterprise.

3.04. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Public Purpose.

4.01. The adoption of the Plans conforms in all respects to the requirements of the Act and will help discourage commerce, industry, or manufacturing from moving their operations to another state or municipality, will result in increased employment in the state, and will result in preservation and enhancement of the tax base of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Plans.

5.01. The Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator .

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Clay County is requested to certify the original net tax capacity of the District, as described in the Plans, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Barnesville Economic Development Authority is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Administrator is further authorized and directed to file a copy of the Plans with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member Allmaras, and upon a vote being taken thereon, the following voted in favor thereof: Council members Rick, Allmaras, Strom, Davis, Sylvester and Enstad. The following voted against the same: none. Motion carried.

Dated: June 11, 2012

ATTEST:

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Fred Dahnke  
Mayor

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Michael Rietz  
Administrator

(Seal)

### **EXHIBIT A**

#### **RESOLUTION NO. 06-11-12-19**

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 1-7 is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 1-7 is a contiguous geographic area within the City's Redevelopment Project No. 1, delineated in the TIF Plan, for the purpose of financing economic

development in the City through the use of tax increment. The District is in the public interest because it will facilitate construction of an approximately 50,000 square foot wholesale tire distribution center which will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; it will increase employment in the state, and preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and 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. 1-7 permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a wholesale tire distribution center that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities makes development of the facility infeasible without City assistance. The developer has provided a justification that the development would not have gone forward without tax increment assistance (see attachment in Appendix F).

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan:* The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities add to the total development cost. Historically, site development costs in this area have made development infeasible without tax increment assistance. This site has been marketed for many years with minimal success. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$2,620,500 (see Appendix D and F of the TIF Plan)
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$339,558 (see Appendix D and F of the TIF Plan).
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,280,942 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-7 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Redevelopment Project No. 1 by private enterprise.*

Mayor Dahnke stated the next item on the agenda was the resolution adopting an Interfund Loan for TIF District 1-7.

City Administrator Mike Rietz stated that this resolution is a required and standard action in setting up a new Tax Increment Financing District. The Barnesville EDA will be the Administrator of the TIF 1-7, as they have been for all the past TIF districts. This means that the EDA is responsible for administration of the district-ensuring the TIF Plan is followed, overseeing TIF payments to the developers and providing annual reporting to the Minnesota Office of the State Auditor. By performing these activities, the EDA is entitled to a 10% administrative fee.

**06-11-12-20** Motion by Mr. Rick and second by Mrs. Strom to approve the following resolution. Upon a roll call vote, the following voted aye: Council members Rick, Allmaras, Strom, Davis, Sylvester and Enstad. The following voted nay: None. Motion carried.

**CITY OF BARNESVILLE  
CLAY COUNTY  
STATE OF MINNESOTA**

**RESOLUTION NO. 06-11-12-20**

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 1-7.**

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

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 1-7 (the "TIF District") within Redevelopment Project No. 1 (the "Project"), and has a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

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

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

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

## Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$50,000 from the 241 fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 2% and will not fluctuate.

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

2.03. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the City Administrator, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Clay County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1799, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

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

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

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

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

Dated: June 11, 2012

ATTEST:

\_\_\_\_\_  
Fred Dahnke, Mayor

\_\_\_\_\_  
Mike Reitz, City Administrator

(Seal)

Mayor Dahnke stated the next item on the agenda was the public forum. Mayor Dahnke asked if there were any citizens present to be heard. There were none.

**06-11-12-21** Motion by Mr. Davis and second by Mr. Rick to adjourn the meeting at 8:02 p.m.  
Motion carried.

Submitted by:

Attest:

\_\_\_\_\_  
Jeri Reep  
City Clerk

\_\_\_\_\_  
Fred Dahnke  
Mayor



## EXHIBIT A

### RESOLUTION NO. \_\_\_\_\_

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