

**October 16, 2019**  
**Hearings and Special Meeting**

Pursuant to due call and notice thereof, a hearing and special meeting of the City Council of the City of Halstad was duly called and held at the Halstad Telephone Company Meeting Room in said City on October 16, 2019 at 5:15pm.

Mayor Lori DeLong called the hearing on proposed TIF District No. 2-3 to order at 5:17 p.m.

The following council members were present: Jeremy Melting, Veronica Dye, Darin Johnson, and Brandon Mickelson

The following council members were absent: None

Others in attendance: John Hinkley, Jason Murray (David Drown Associates)

There were no citizens present to discuss the proposed TIF.

Jason Murray, David Drown Associates, presented updated information on preliminary TIF No. 2-3 to support the new commercial grocery/hardware building which will be built by John Hinkley. Plan is to draft the developer agreement in January or February 2020 and the TIF would be certified in March 2020.

Motion by Veronica Dye and second by Darin Johnson to approve the following resolution:

RESOLUTION NO. 2019-10-16  
RESOLUTION APPROVING THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 2,  
MODIFICATION OF THE DEVELOPMENT PROGRAM RELATING THERETO;  
THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 2-3 WITHIN MUNICIPAL  
DEVELOPMENT DISTRICT NO 2  
AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A. It has been proposed that the City of Halstad, Minnesota (the "City"), modify Municipal Development District No. 2 and a Development Program relating thereto and create Tax Increment Financing District No. 2-3 within Municipal Development District No. 2 and adopt a tax increment financing plan with respect thereto, under the provisions of Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.1794 (collectively, the "Act"); and

B. The City of Halstad has investigated the facts and has caused to be prepared a modification of the development program for Development District No. 2 and a tax increment financing plan for Tax Increment Financing District No. 2-3; and

C. The City has performed all actions required by law to be performed prior to the modification of Development District No. 2, modification of the Development Program relating thereto, creation of Tax Increment Financing District No. 2-3 within Municipal Development District No. 2 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Clay County and Norman County West School District having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 2-3, and the holding of a public hearing upon published and required notice as required by law.

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

1. Municipal Development District No. 2 and Tax Increment Financing District No. 2-3 within Municipal Development District No. 2. The City hereby approves the modification of Municipal Development District No. 2 and of the Development Plan relating thereto, and the establishment of Tax Increment Financing District No. 2-3 within Municipal Development District No. 2, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 2-3, and the City Council makes the following findings;

- (a) Tax Increment Financing District No. 2-3 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The reasons and facts supporting this finding are listed in Section 12 of the TIF Plan document.

- (b) The proposed development in the opinion of the City Council, 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. 2-3 permitted by the Tax Increment Financing Plan.

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

The City also finds that due to the amount of time the site(s) have sat in their current condition, the City finds no reason for additional development to occur without TIF assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance would be minimal.

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:

1. the increase in estimated market value of the proposed development is \$987,100;
2. the present value of expected tax increments collected over the maximum duration of the TIF District is \$283,216; and
3. the expected increased estimated market value of the site without the use of tax increment is \$3,354; and
4. even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than \$703,884 (the amount in number 1 minus the amount in 2)

- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 2-3 conforms to the general plan for development or redevelopment of the City of Halstad as a whole.

The reasons and facts supporting this finding are that the current zoning of the property provides for commercial development as a permitted use, and rezoning will not be required.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Halstad as a whole, for the development or redevelopment of Tax Increment Financing District No. 2-3 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 the Development District

3. Public Purpose. The adoption of the modified Development District and Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.
4. 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 5.0%. (This interest rate is the greater of the rates specified under Minnesota Statutes 270C.40 and 549.09.)
5. Certification. The Auditor of Norman County is requested to certify the original net tax capacity of Tax Increment Financing District No. 2-3 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 Clerk-Treasurer is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify,

together with a list of all properties within Tax Increment District No. 2-3 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

6. Filing. The City Clerk-Treasurer is further authorized and directed to file a copy of the amended Development Program and the Tax Increment Financing Plan with the Commissioner of Revenue and Office of the State Auditor.

Upon a roll call vote, the following voted aye: Veronica Dye, Darin Johnson, Jeremy Melting, Brandon Mickelson and Lori DeLong. The following voted nay: none. Motion carried.

Motion by Brandon Mickelson to adjourn the TIF hearing at 5:56 P.M. with second by Jeremy Melting. Motion carried.

Mayor Lori DeLong called the hearing on proposed changes to floodplain ordinance 62A.012 to order at 6:15 p.m.

The following council members were present: Jeremy Melting, Veronica Dye, Darin Johnson, and Brandon Mickelson

The following council members were absent: None

There were no citizens present to discuss the proposed ordinance changes.

Clerk Dye gave an update on the required floodplain ordinance changes. The changes in the floodplain ordinance are required for the City to remain active in the National Flood Insurance Program. Changes include an update to the FEMA Flood Insurance Rate Map reference number and the effective date of December 20, 2019. The ordinance changes will be effective on December 20, 2019.

Motion by Dain Johnson and second by Veronica Dye to approve the following ordinance revision:

#### ORDINANCE NO. 62A.012

#### ORDINANCE UPDATE TO COMPLY WITH NATIONAL FLOOD INSURANCE PROGRAM

#### ORDINANCE SUMMARY:

Ordinance 62A.012 has been revised to incorporate updated Flood Insurance Study and Flood Insurance Rate Maps for Norman County, Minnesota; map number 27107C0180F, dated December 20, 2019 to comply with the National Flood Insurance Program.

#### ORDINANCE REVISED:

- 62A.012 Incorporation of Maps by Reference: The following maps together with all attached material are hereby adopted by reference and declared to be a part of the Official Zoning Map and this ordinance. The attached material includes the Flood Insurance Study for Norman County, Minnesota, and Incorporated Areas, and the Flood Insurance Rate Maps for Norman County and Incorporated Areas with map number [27107C0180F](#), all of these documents dated [December 20, 2019](#) and prepared by the Federal Emergency Management Agency. These materials are on file in the City Clerk's office.

This Ordinance, adopted as amended, shall be in full force and effect from and after December 20, 2019, or the date of its passage and publication according to law, whichever occurs later. A printed copy of the entire ordinance is available for inspection by any person during the regular office hours at the Halstad Municipal Utilities.

Upon a roll call vote, the following voted aye: Veronica Dye, Darin Johnson, Jeremy Melting, Brandon Mickelson and Lori DeLong. The following voted nay: none. Motion carried.

Motion by Jeremy Melting to adjourn the ordinance hearing at 6:18 P.M. with second by Brandon Mickelson. Motion carried.

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Veronica L. Dye, Clerk/Treasurer