



Meeting Agenda
Monday, November 6, 2017 (7:00 P.M.)
Please call 507-479-3219 if you are unable to attend.

- I. Call meeting to order (7:00 P.M.)**
- II. Agendas & Minutes:**
 1. Consider 11/6/2017 agenda
 2. Consider 10/2/2017 minutes
- III. Bills and Communications:**
 - A. EDA Fund Balances
 - B. Periodic Financial Reports
- IV. Monthly Reports/Updates:**
 1. Mayor's report
 2. Council liaison report (Mark Wentzlaff)
- V. Unfinished Business:**
 1. USDA Rural Development Grant update
- VI. New Business:**
 1. JIT – Right of First Refusal
 2. B A Investments, LLC Tax Abatement request
 3. Workforce Housing Development Program
- VII. Adjournment**



October 2, 2017
7:00 P.M.

I. CALL TO ORDER

Pursuant to due call and notice thereof, Green Isle EDA President Randal Bruegger called the Green Isle Economic Development Authority meeting to order at Green Isle City Hall at 7:00 P.M.

Members present: Randal Bruegger (President), Mark Wentzlaff, Mark Miller

Members absent: Bert Panning, Scott Vos

Staff present: Amy Newsom (EDA Director)

Staff absent: None

Guests present: Joe Kreger, ex-officio

II. MINUTES & AGENDA –

1. 9/11/2017 EDA minutes
2. 10/2/2017 EDA agenda – Newsom requested to include a presentation University of Minnesota Extension opportunities. Mayor Kreger requested to add information on a building in the baseball field. Motion by Wentzlaff to approve minutes and agenda with additions, second by Miller, motion carried.

III. BILLS & COMMUNICATIONS

A. EDA Fund Balances:

B. Periodic Financial Reports:

IV. MONTHLY REPORTS/UPDATES

1. Mayor's report – None.
2. Council liaison report (Mark Wentzlaff): None.

V. UNFINISHED BUSINESS

1. USDA Rural Development Grant approved:

- a. The EDA is waiting on the revolving loan fund applicant package to be reviewed by City Attorney Ross Arneson.

2. Timberline requests:

- a. EDA Board concerned with the removal of Fahey auctions. Mayor Kreger will contact Timberline to discuss options.

VI. NEW BUSINESS

1. Accept resignation of Brian Oelfke

- a. Member Brian Oelfke has not been at an EDA meeting since April of 2017. Per the EDA By-Laws, "Any Commissioner who is absent from three (3) consecutive duly called meeting of the Board shall be deemed to have resigned unless the absentee provides a satisfactory explanation." Motion by Bruegger, second by Wentzlaff to accept the resignation of Oelfke, motion carried.

2. Review of By-Laws:

- a. EDA Board to review EDA By-Laws for next meeting. Mayor Kreger to appoint someone to replace Oelfke.

3. University of Minnesota Extension opportunities:

- a. Newsom presented two opportunities from the University of Minnesota Extension office. The first a Tourism Assessment Program (TAP). The program does an inventory of tourism assets, different perspectives, opportunities, and identifying action steps for sustainable tourism development. The second program called "Marketing Hometown America" identifies what residents are looking for as they relocate to a rural community, discover overlooked assets, develop marketing plans, increase human capacity and confidence, and understand the importance of local family and friend referrals. The TAP program costs \$7,000. Marketing Hometown America is approximately \$1,700 for the first city and a few hundred for each additional city. Green Isle EDA would be more interested in Marketing Hometown America.

4. New building at baseball field:

- a. Mayor Joe Kreger stated that the baseball association plans to construct a 40' x 80' building in the park, east of the bathrooms. The building will be financing by the baseball association. Newsom stated that this should be addressed by Planning & Zoning and not the EDA.

VII. ADJOURNMENT: At 7:44 P.M.

Amy Newsom, EDA Director

Randal Bruegger, EDA President

V. I.

Amy Newsom - RE: Revolving loan application

From: Angie <angie@jitcompanies.com>
To: Amy Newsom <AmyN@co.sibley.mn.us>
Date: 10/17/2017 9:55 AM
Subject: RE: Revolving loan application

Good Morning Amy

I wanted to drop you a note that we had a leadership meeting on Thursday and we will be meeting again this Thursday to confirm our decision, but as of right now the consensus is that we do not apply for the revolving loan. At this time we really are focused on growing the metal finishing and that is where we need to improve our equipment and that would be in Norwood. We would not be able to use these funds and/or the matching money to do that. Our goal is to have all divisions under one roof within the next 3 – 4 years. In order to do that we need to grow in sales.

We feel it would be an expense that we don't need to have right now.

There are always things we can use here in Green Isle, however it is the out of pocket cash and repayment that we need to take into account.

I know that we did say we would defiantly be interested but our we were also planning to use it to invest in metal finishing.

Best regards,
Angie Carpenter
Chief Operations Officer

JIT Companies, Inc
240 Shamrock Drive, Green Isle, MN 55338
Ph# 507-326-5240
Fax# 507-326-5244
angie@jitcompanies.com
www.jitcompanies.com



Precision Waterjet · Glass Laminating · Metal Finishing

At JIT, we blend your designs with our experience, innovation and technology to create custom solutions.

From: Amy Newsom [AmyN@co.sibley.mn.us]
Sent: Friday, October 06, 2017 1:20 PM
To: Angie
Subject: Revolving loan application

Hi Angie -

Here's the applicant package (nothing has changed, but I removed the word draft). I'll also need Ron's credit score, collateral, business plan, 2 year's profit and loss, and 2 year's of taxes. You can apply for \$15,100 and will have to match 1-1.

Let me know if you have any questions.

Amy R. Newsom

Community Development Program Manager

Sibley County

PO Box 256

Gaylord, MN 55334

[507-237-4117](tel:507-237-4117)

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EXHIBIT B

Economic Development Abatement Worksheet

Date 10-15-17

1.) Name of Property Owner Bryan Malz Timberline Woodproducts

2.) Property Tax Number or PID 34.0158.100

3.) Description of expected financial benefit to city (the benefit must be equal or greater than the cost of the abatement.)

A New building valued at \$562,000 in the industrial park will increase tax base.

4.) Description of public interest served by the proposed abatement Increase or preserve tax base. X yes or no - If yes, how?

- USE OF INDUSTRIAL PARK
- employees coming to town

Provide jobs? When, how many, what type, proposed pay scale?

Fall 2018, 2 Jobs, Cabinet Makers, \$20-\$26 per hour

Provide or help acquire or construct public facilities for which facilities? How?

N/A

Redevelop or renew blighted areas. How?

N/A

Provide access to services for residents. How?

We will provide a full manufacturing facility for custom cabinetry which is accessible via the location or our upcoming, updated website.

We also will be able to assist other builders in the area.

- ✓ 5.) Please disclose and attach income/expense statements or profit/loss projections
- 6.) Requested tax amount to be abated \$20,850 or 20,285 annually
- 7.) Requested duration of abatement 10 years
- 8.) Has economic development abatement been requested or granted by the school district or county? If so, please include details of the request or the abatement.
- 9.) What other public funding programs have been applied for or utilized? (applied for Sibley County) NONE

Note: Economic development abatements may not be entered into if the property is collecting tax increment financing (TIF) revenues.

memo

City of Green Isle

To: Green Isle City Council
From: Amy Newsom
CC: Green Isle EDA
Date: 10/30/17
Re: B A Investments, LLC tax abatement request

Comments:

B A Investments, LLC has submitted an application for tax abatement. (attached)

B A Investments, LLC is requesting tax abatement on Property 34.0258.100 in the Green Isle Industrial Park from the City in the amount of \$20,285 annually for 10 years, at a total of \$202,850 beginning in 2019. Without the tax abatement B A Investments, LLC will not be able to build.

B A Investments, LLC will make use of the Green Isle Industrial Park and bring employees to the City.

B A Investments, LLC will add 2 jobs in the fall of 2018, cabinet makers with a pay range of \$20-\$26 per hour.

B A Investments, LLC will provide a full manufacturing facility for custom cabinetry which is accessible via the location or the upcoming website. The business will also be able to assist other businesses in the area.

B A Investments, LLC has provided a bank commitment letter from the State Bank of Hamburg for financing the project. (attached)

B A Investments, LLC has provided a business plan. (attached)

The City of Green Isle signed a purchase agreement with B A Investments, LLC on October 10, 2017. (attached)

B A Investments, LLC has provided financial information, including 4 years of profit and loss and 2 years of taxes. (confidential)

BARE LAND PURCHASE AGREEMENT

1. **PARTIES.** This Purchase Agreement is made on October 2, 2017, by and between the following parties:

Seller name(s) and address: City of Green Isle
310 McGrann Street
P.O. Box 275
Green Isle, MN 55338

Buyer name(s) and address: Bryan Malz, or his assignees
400 Railroad Street
Hamburg, MN 55339

2. **OFFER/ACCEPTANCE.** Buyer offers to purchase and Seller agrees to sell real property legally described as:

Lot 1, Block 3, Green Isle Industrial Park, according to the plat thereof on file in the office of the Sibley County Recorder.

Property Tax ID #: 34.0158.100

Located at 6th Street North and Shamrock Drive (street address) City of Green Isle County of Sibley State of Minnesota.

3. **ACCEPTANCE DEADLINE.** This offer to purchase, unless accepted sooner, shall be null and void at 11:59 P.M. on (date) October 15, 2017, and in such event, all earnest money shall be refunded to Buyer.
4. **PERSONAL PROPERTY AND FIXTURES INCLUDED IN SALE.** There are no fixtures or personal property included in this sale.
5. **PRICE AND TERMS.** The price for the real property included in this sale is \$ 1.00, which Buyer shall pay as follows:

Earnest money of \$ 1.00 receipt of which is hereby acknowledged (to be deposited the next business day after acceptance in an account of Seller, unless otherwise specified in writing).

The earnest money shall be applied as the purchase price as of the date of closing. Closing shall be held on November 15, 2017.

6. **DEED/MARKETABLE TITLE.** Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed, joined in by spouse, if any, conveying marketable title, subject to:
- A. Building and zoning laws, ordinances, state and federal regulations;
 - B. Restrictions relating to use or improvement of the property without effective forfeiture provisions;
 - C. Reservation of any mineral rights by the State of Minnesota;
 - D. Utility and drainage easements which do not interfere with existing improvements;
 - E. Exceptions to title which constitute encumbrances, restrictions, or easements which have been disclosed to Buyer and accepted by Buyer in the Purchase Agreement;

This property is subject to platted utility easements.

7. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS. Real estate taxes due and payable in and for the year of closing shall be paid as follows:

This property is currently exempt from real estate taxes under municipal ownership.

Seller represents that the taxes due and payable in the year 2018 will be non-homestead classification, unless Buyer changes the tax classification for taxes payable in the year following closing by taking possession of the property as Buyer's homestead and filing a new homestead declaration within the time required by law.

Installments of Special Assessments certified for payment with the real estate taxes due and payable in the year of closing shall be paid as follows:

- By Seller.
- By Buyer.
- Prorated between seller and buyer as of the date of closing.

As of the date of this Agreement, Seller represents that Seller has not received a Notice of Hearing of a new public improvement project from any governmental assessing authority, the costs of which project may be assessed against the property. If a special assessment becomes pending **after** the date of this agreement and **before** the date of closing, Buyer may, at Buyer's option:

- A. Assume payment of the pending special assessment without adjustment to the purchase agreement price of the property; or,
- B. Require Seller to pay the pending special assessment (or escrow for payment of same as provided above) and Buyer shall pay a commensurate increase in the purchase price of the property, which increases shall be the same as the estimated amount of the assessment; or,
- C. Declare this Agreement null and void by notice to Seller, and earnest money shall be refunded to Buyer.

SELLER SHALL PAY ON DATE OF CLOSING any deferred real estate taxes or special assessments payment of which is required as a result of the closing of this sale.

Buyer shall pay real estate taxes due and payable in the year following closing and thereafter and any unpaid special assessments payable therewith and thereafter, the payment of which is not otherwise provided for herein. Seller makes no representation concerning the amount of future real estate taxes or of future special assessments.

8. DAMAGES TO REAL PROPERTY. If the real property is substantially damaged prior to closing, this Agreement shall terminate and the earnest money shall be refunded to Buyer. If the real property is damaged materially but less than substantially prior to closing, Buyer may rescind this Agreement by notice to Seller within 21 days after Seller notifies Buyer of such damage, during which 21-day period Buyer may inspect the real property, and in the event of such rescission, the earnest money shall be refunded to Buyer.

9. SELLER'S BOUNDARY LINE, ACCESS, RESTRICTIONS AND LIEN WARRANTIES. Seller warrants that there is a right of access to the real property from a public right of way. Seller warrants that there has been no labor or material furnished to the property for which payment has not been made. Seller warrants that there are no present violations of any restrictions relating to the use or improvement of the property. These warranties shall survive the delivery of the deed or contract for deed.

10. **CONDITION OF PROPERTY.** Seller has not received any notice from any governmental authority as to the existence of any dutch elm disease, oak wilt, or other disease of any trees on the property. To the best of Seller's knowledge no hazardous substances or petroleum products have been placed, stored, or released from or on the property by any party in violation of any law, nor have any underground storage tanks been located on the property at any time, except as follows:

None.

Seller's warranties and representations contained in this paragraph 10 shall survive the delivery of the Deed or Contract for Deed, provided that any notice of a defect or claim or breach of warranty must be in writing and given by Buyer to Seller within one year of the date of closing or be deemed waived.

Buyer shall have the right to have inspections of the property conducted prior to closing. Unless required by local ordinance or lending regulations, seller does not plan to have the property inspected. Other than the representations made in this paragraph 10, the property is being sold "AS IS" with no express or implied representation or warranties by seller as to physical conditions, quality of construction, workmanship, or fitness for any particular purpose. (This paragraph is not intended to waive or modify any provisions of Minn. Stat., Chapter 327A.)

11. **DISCLOSURE OF NOTICES.** Seller has not received any notice from any governmental authority as to violation of any law, ordinance or regulation affecting the property. If the property is subject to restrictive covenants, Seller has not received any notice from any person as to a breach of the covenants.
12. **POSSESSION.** Seller shall deliver possession of the property not later than closing date. All interest, fuel oil, liquid petroleum gas, and all charges for city water, city sewer, electricity, and natural gas shall be prorated between the parties as of closing date.
13. **EXAMINATION OF TITLE.** Within a reasonable time after acceptance of this Agreement, Seller shall furnish Buyer with an Abstract of Title or a Registered Property Abstract certified to date including proper searches covering bankruptcies and State and Federal judgments, liens, and levied and pending special assessments. Buyer shall have ten (10) business days after receipt of the Abstract of Title or Registered Property Abstract either to have Buyer's attorney examine the title and provide Seller with written objections or, at Buyer's own expense, to make an application for a Title Insurance Policy and notify Seller of the application. Buyer shall have (10) business days after receipt of the Commitment for Title Insurance to provide Seller with a copy of the Commitment and written objections. Buyer shall be deemed to have waived any title objection not made within the (10) day period, except that this shall not operate as a waiver of Seller's covenant to deliver a statutory Warranty Deed, unless a Warranty Deed is not specified above.
14. **TITLE CORRECTIONS AND REMEDIES.** Seller shall have 120 days from receipt of Buyer's written title objections to make title marketable. Upon receipt of Buyer's title objections, Seller shall, within ten (10) business days, notify Buyer of Seller's intention to make title marketable within the 120 day period. Liens or encumbrances for liquidated amounts which can be released by payment or escrow from proceeds of closing shall not delay the closing. Cure of the defects by Seller shall be reasonable, diligent, and prompt. Pending correction of title, all payments required herein and the closing shall be postponed.
- A. If notice is given and Seller makes title marketable, then upon presentation to Buyer and proposed lender of documentation establishing that title has been made marketable, and if not objected to in the same time and manner as the original title objections, the closing shall take place within ten (10) business days or on the scheduled closing date, whichever is later.
- B. If notice is given and Seller proceeds in good faith to make title marketable but the 120 day period expires without title being made marketable, Buyer may declare this Agreement null and void by

notice to Seller, neither party shall be liable for damages hereunder to the other, and earnest money shall be refunded to Buyer.

- C. If Seller does not give notice of intention to make title marketable, or if notice is given but the 120 day period expires without title being make marketable due to Seller's failure to proceed in good faith, Buyer may seek, as permitted by law, any one or more of the following:
1. Proceed to closing without waiver or merger in the deed of the objections to title and without waiver of any remedies, and may:
 - (a) seek damages, costs, and reasonable attorneys' fees from Seller as permitted by law (damages under this subparagraph (a) shall be limited to the costs of curing objections to title, and consequential damages are excluded); or
 - (b) Undertake proceedings to correct the objections to title;
 2. Rescission of the Purchase Agreement by notice as provided herein, in which case the Purchase Agreement shall be null and void and all earnest money paid hereunder shall be refunded to Buyer.
 3. Damages from Seller together with costs and reasonable attorneys' fees, as permitted by law;
 4. Specific performance within six months after such right of action arises.
- D. If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Seller may elect either of the following options, as permitted by law:
1. Cancel this contract as provided by statute and retain all payments made hereunder as liquidated damages. The parties acknowledge their intention that any note given pursuant to this contract is a down payment note, and may be presented for payment notwithstanding cancellation;
 2. Seek specific performance of this Agreement within six months after such right of action arises, including costs and reasonable attorneys' fees, as permitted by law.
- E. If title is marketable, or is made marketable as provided herein, and Seller defaults in any of the agreements herein, Buyer may, as permitted by law:
1. Seek damages from Seller including costs and reasonable attorneys' fees;
 2. Seek specific performance within six months after such right of action arises.

TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS AGREEMENT.

15. **NOTICES.** All notices required herein shall be in writing and delivered personally or mailed to the address as shown at Paragraph 1, above and, if mailed, are effective as of the date of mailing.

16. **AGENCY DISCLOSURE NOTICE:** No agent represents the seller.

17. **SURVEY OF LAND.** The parties agree:

- That no boundary survey of the property shall be conducted.
 That a boundary survey of the property shall be conducted as soon as possible.

This property was surveyed as part of the plat process, a copy of which Seller shall deliver to Buyer upon Execution of this Agreement.

18. **MINNESOTA LAW.** This contract shall be governed by the laws of the State of Minnesota.

19. **WELL DISCLOSURE.** Check one of the following:

- Seller certifies that Seller does not know of any wells on the described real property.
 Wells on the subject real property are disclosed by Seller on the attached Well Disclosure form.

20. ADDITIONAL TERMS.

- A. This sale is contingent upon the buyer receiving a city tax abatement for a 10 year term under current city tax abatement policy terms.
- B. This sale is contingent upon the buyer receiving a Sibley County tax abatement for a 10 year term under Sibley County tax abatement policy terms.
- C. The seller agrees that the existing \$2058.08 improvement assessment balance on this lot shall be paid by seller.
- D. This sale is contingent upon the seller terminating the lease agreement with Fahey & Associates, Inc., a Minnesota corporation, for the years 2018 and thereafter. Currently, this lease allows said corporation to hold occasional machinery auctions in the Industrial Park. The parties have agreed that this lease will be allowed to terminate at the end of the 2017 calendar year under the present lease terms.
- E. The city shall allow the buyer to have at least two curb cuts for two entrances to the property, at reasonable locations which will meet the buyer's needs but also pose no safety or traffic hazards.
- F. This sale shall be subject to a Developer's Agreement to be entered into between the parties at closing, governing the future use of the property, a copy of which is attached at Appendix A and made a part of this agreement.
- G. The Buyer shall have the right to assign this Agreement to an entity in which he is the sole interest holder upon notice to the Seller in writing.
- H. The Buyer and Seller warranty that they have the requisite authority to execute this Agreement and bind the parties to the terms and condition contained herein.

I agree to sell the property for the price and terms and conditions set forth above.

I agree to purchase the property for the price and terms and conditions set forth above.

For City of Green Isle:

Joseph Kreger, Mayor
Printed Name: Joseph Kreger, Mayor

BUYER: Bryan Malz
Printed Name: Bryan Malz

Bert Panning
Printed Name: Bert Panning, City Clerk

Dated: 10.10.17

Dated: Oct. 5 2017

subdivision process so long as no additional infrastructure is required, no property dedication is required, and the final plat consists of only two lots. The City and Buyer agree to work in good faith to accomplish and obtain the other's objectives during this eventual re-plating, if necessary. For the purpose of the marketability of these future parcels, the City warrants that the approval of this Agreement by the City Council shall operate as the approval for the contemplated eventual re-subdivision.

3. If, through no fault of Buyer, weather conditions, non-availability of building materials, or any other cause prevents buyer from completing the structure on the premises by December 1, 2018, Buyer will be granted an extension of completion date to February 1, 2019.
4. As further consideration for this purchase, Buyer agrees that the business building to be constructed by Buyer on the premises shall be of a construction cost of at least \$500,000.
5. If Buyer does not begin construction of the business building on the premises within 225 days after the Closing Date listed herein, then at the option of the City, the City can require Buyer to deed back the property to the City for \$1.00. This option shall automatically expire upon the expiration of the 225 days from the closing date listed herein.
6. Buyer agrees that Buyer shall employ at least two full time equivalent employees working primarily on the premises, within 6 months after the completion of the business building to be constructed on the premises. If this condition is not fulfilled, then at the option of the City, the City can require Buyer to pay \$5,000 as an amended purchase price for this lot, in keeping with the city commercial lots sale policy. Upon sufficient showing of the hiring of the two employees by the Buyer, the City shall record a partial satisfaction releasing the Buyer from this obligation.
7. The City warrants that municipal sewer and water service are available to the property at this time. Buyer agrees to pay the City a standard connection fee of \$3,200 to connect to said sewer and water service at the time a building permit is approved for this project. The City agrees that it will cooperate with the Buyer as necessary for the purpose of making connections to City utility services to facilitate the Buyer and to otherwise assist the Buyer as is necessary to deal with various governmental agencies in the course of the development, including the application for permits and approvals.
8. The City covenants that as part of any eventual subdivision process, zoning request or petition to the council or city staff, that it will approve no fewer than two curb cuts for no fewer than two entrances to the property, at reasonable locations which pose no safety or traffic hazards, to meet the Buyer's access needs for the Intended Uses.
9. Buyer's Intended Uses shall at all times comply with City, State and Federal regulations, to include, but not limited to, sound suppression and dust control standards. Upon the request of the Buyer, the City agrees to offer Buyer a zoning protection letter or letters as it relates to the Intended Uses for the Real Estate.
10. The parties agree that the Buyer shall receive property tax abatements for a period of 10 years to reimburse the Buyer for his costs of improving the premises. This sale is also contingent on Sibley County also granting tax abatements for a period of up to 10 years. If

Sibley County does not grant such abatement, Buyer may cancel this lot purchase, in which case the Buyer shall deed the property back to the City for \$1.00. The Buyer acknowledges that the City is not providing any form of a business subsidy.

11. The City will support the efforts of Buyer to secure financing for construction and equipping of this project to include possible available public sector financing. The City will make available its financial advisor and city staff to aid in such applications.
12. The City covenants that it will not lease any of the surrounding property owned by the City to any third party for the purpose of holding public auctions for as long as the City owns such land.
12. Buyer agrees not to assign its rights nor its liabilities and obligations under this agreement, without notice to the City.
13. Upon the Buyer completing any or all of the terms and conditions contained herein, the City shall timely issue a Certificate of Completion in recordable format which effectively partially or fully releases and/or satisfies any or all encumbrances to title created herein.

Dated: _____, 2017

For City of Green Isle:

By Joseph Kreger
Its Mayor

By Bert Panning
Its City Clerk

Bryan Malz or his assignees
Buyer

STATE OF MINNESOTA
COUNTY OF SIBLEY

The foregoing instrument was acknowledged before me on _____, 2017, by Joseph Kreger and Bert Panning, respectively the Mayor and City Clerk of the City of Green Isle, a Minnesota municipal corporation.

NOTARIAL STAMP

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

STATE OF MINNESOTA
COUNTY OF _____

The foregoing instrument was acknowledged before me on _____, 2017, by Bryan Malz or his assignees.

NOTARIAL STAMP
THIS INSTRUMENT WAS DRAFTED BY:
Ross R. Arneson Attorney At Law, (Lic. 313X) 302 West Main, Box 529 Arlington, MN 55307 (507) 964-5753

SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT



October 25, 2017

RE: Bryan Malz
Timberline Wood Products
400 Railroad Street
Hamburg, MN 55339

To Whom It May Concern,

State Bank of Hamburg has committed to Bryan Malz to fund \$550,000 for the construction of a new building to house his business in Green Isle. By execution of this commitment letter, the Bank certifies that all necessary loan committees or other similar approvals have been obtained.

Loan Structure and Terms:

- Amount of \$550,000
- Purpose/ Use of Funds: Construction of new building in Green Isle
- Rate: 5.25% fixed for 5 years
- Payment Structure: Interest only for 6 months during the construction; Then move to monthly payments based on 25 years amortization
- Maturity: 5 years from closing
- Collateral: 1st Mortgage on the Green Isle land and building

Conditions of Approval:

- Resolution of Abatement request

Monitoring Requirements:

- Annual Personal Financial Statement
- Annual Tax Returns

Estimated Closing Costs:

- Flood Certificate \$14
- Mortgage Recording \$46
- MRT \$1,265
- Bank Origination \$1,000



591 PARK AVE. • P.O. BOX 157 • HAMBURG, MN 55339 • 952-467-2992 • FAX 952-467-2369

Member
FDIC

We would like to thank Bryan for allowing us to work with him on this project. We are pleased to be a part of it. If you have any questions, please call me at 952-467-2992 or email me at d.zelinsky@statebankofhamburg.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Zelinsky". The signature is fluid and cursive, with the first name "Dave" and last name "Zelinsky" clearly distinguishable.

Dave Zelinsky
President

BUSINESS PLAN

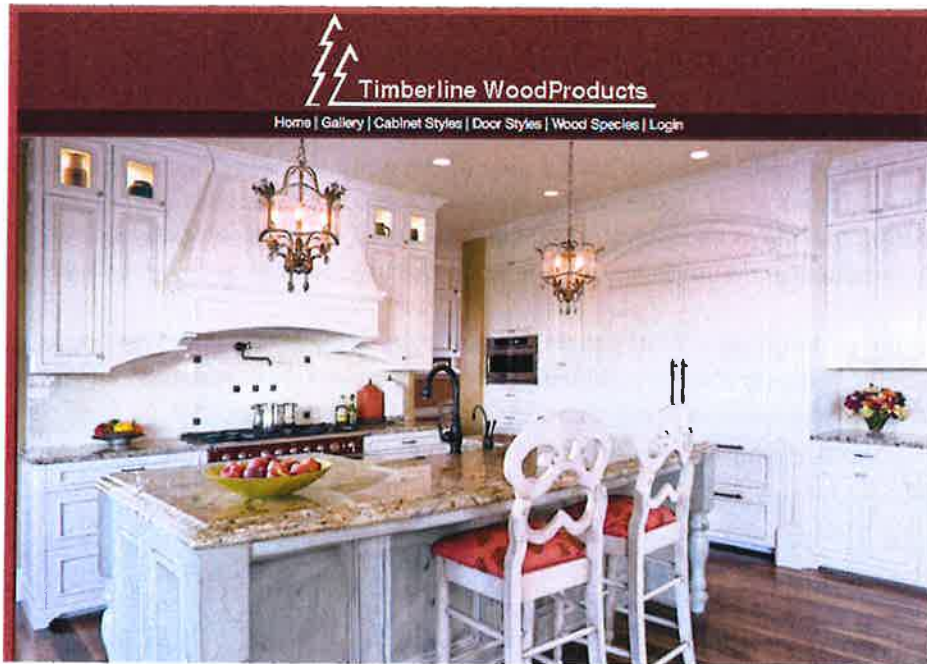
Timberline Wood Products

Bryan Malz

400 Railroad Street

Hamburg | MN | 55339

Office 952-467-4696



EXECUTIVE SUMMARY

Background

We are a small cabinet shop who works directly with 8 different high-end residential builders and a few word of mouth customers. We supply them with high-end custom cabinetry for all rooms in their homes, typically kitchens, baths, laundry rooms, entertainment centers, wine cellars, offices and bars. 75% of the homes we provide cabinets to are presold homes, 25% of our cabinets are for spec homes, which are usually in the Parade of Homes.

Timberline Wood Products is owned by Bryan Malz and located in Hamburg, MN. We are looking to build a new facility in Green Isle, Sibley County, MN.

- . Lot 1, Block 3, Green Isle Industrial Park, according to the plat thereof on file in the office of the Sibley County Recorder.
- . Property Tax ID #: 34.0158.100
- . Located at 6th Street North and Shamrock Drive

We are requesting tax abatement in the amount of

We have been in our current building since June of 2000, which has 2800 square feet. In 17 years we have filled the space with tools and machinery, which has helped and hurt our efficiency greatly. We now rent 2 stalls across the road for raw materials and finished cabinets, We also have a 40' storage container on the side of our shop that also houses finished cabinets. I keep an enclosed trailer at my house, which we use for cabinet deliveries, and I have to keep my install van sitting outside at another location since we have no off street parking. With moving a lot of the key products and equipment off site it is affecting our ability to be the most efficient.

We are planning on building a 9750 square foot shop which is 2000 square feet more than the space we currently take up if we consolidate all our equipment, raw materials and finished products. It will also provide a break room and adequate office space that we currently don't have. It also will allow us to hire additional employees, which we also can not fit into our current space.

Funding Request

Our total funding request is: \$550,000.00

The funding will be used for building, land and equipment.

We had three bids and choose to go with Morris at 561,380.00. We will also need a dust collector and spraying booth. That cost will be \$101,000. We will be selling our current building and use those funds towards the costs of the new building.

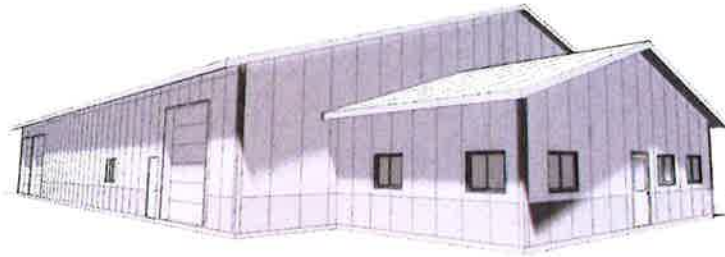
Morris/Self	
UNIT AMOUNT	BID
\$	1,000.00
\$	2,000.00
\$	7,500.00
\$	
INC.	
\$	600.00
\$	40,000.00
INC.	
\$	5,200.00
\$	
\$	18,150.00
\$	23,850.00
\$	10,000.00
\$	26,400.00
\$	16,600.00
\$	42,600.00
\$	65,480.00
\$	
INC.	
\$	
\$	561,380.00
\$	561,380.00

BID TABULATION

Company Name:
 Project Name:
 Location:
 Architect:
 Bid Date:

Project No.:

Ref #	Bid Item #	Item Description	Qty.	UNIT	Was		Ramp		Morris/Self	
					UNIT AMOUNT	BID	UNIT AMOUNT	BID	UNIT AMOUNT	BID
1	1.001	Drawings			\$	49,968.00	INC.		\$	3,000.00
2	1.002	Surveying			\$	1,658.00	\$	3,000.00	\$	2,000.00
3	1.003	Permits			\$	7,725.00	\$	7,500.00	\$	7,500.00
4	1.004	Testing			\$	3,854.00	\$		\$	
5	1.005	Red Off			\$	2,405.00	\$	1,830.00	INC.	
6	1.006	Memo Bldg			\$		\$	600.00	\$	600.00
7	1.007	Excavating			\$	39,700.00	\$	103,900.00	\$	40,000.00
8	1.008	Concrete			\$	100,738.00	\$	95,555.00	INC.	
9	1.009	Sidewalks/Aprons			\$	5,834.00	INC.		\$	5,200.00
10	1.010	Landscaping			\$	2,750.00	\$		\$	
11	1.011	Paving/Curbs			\$	60,769.00	\$	42,250.00	\$	68,150.00
12	1.012	Building			\$	251,287.00	\$	251,005.00	\$	253,850.00
13	1.013	Office finishes			\$	32,526.00	\$	35,350.00	\$	10,000.00
14	2.001	Plumbing			\$	33,468.00	\$	48,400.00	\$	18,400.00
15	2.002	HVAC			\$	46,029.00	\$	67,715.00	\$	36,600.00
16	2.003	Fire Sprinkler			\$	47,407.00	\$	61,610.00	\$	42,600.00
17	2.004	Electrical			\$	73,867.00	\$	67,255.00	\$	65,480.00
18	2.005	SAC/Temp Utilities			\$	4,951.00	\$		\$	
19	2.006	Construction Fees			INC.		\$	82,110.00	INC.	
TOTAL BASE BID					\$	755,016.00	\$	838,100.00	\$	561,380.00
TAX										
TOTAL BID AMOUNT					\$	755,016.00	\$	838,100.00	\$	561,380.00



TIMBERLINE WOOD PRODUCTS

<p>DATE: 8/22/2011</p> <p>SCALE: 1/4" = 1'-0"</p> <p>SHEET: P-1</p>		<p>MORRIS BUILDERS</p> <p>3835 HWY 213 CLEMSON, MI 48801</p>	<p>PROJECT OVERVIEW</p> <p>TIMBERLINE WOOD PRODUCTS GREEN ISLE MN</p>
<p>MORRIS BUILDERS</p>			

BUSINESS SUMMARY

Industry Overview

Overview

IBISWorld's industry research report on Cabinet & Vanity Manufacturing

Opening doors: Rising construction activity and higher consumer confidence will stimulate demand

Industry Threats & Opportunities

- Strong new construction demand has led the industry to focus more heavily on customization
- International competition rapidly increased as foreign manufacturers sought to cater to rising US demand
- New housing construction is anticipated to continue fueling growth in industry demand

Industry Analysis & Industry Trends

The Cabinet and Vanity Manufacturing industry has grown over the past five years alongside improvements in residential construction spending. Cabinets and vanities are typically installed during new home construction and residential renovations, so demand for industry products is correlated with the housing market. Amid relatively low interest rates and declining unemployment over the past five years, housing starts and home improvement spending have both increased strongly. Over the five years to 2022, conditions within the industry are expected to improve as the housing market continues its strong growth. Housing starts in particular are expected to continue to grow over the next five years.

KCMA Announces Four Years of Steady Growth in Cabinet Manufacturing Industry

MARCH 14, 2016

The Kitchen Cabinet Manufacturers Association (KCMA) announced 48 months of consecutive growth for the cabinet industry. Sales for 2015 totaled \$6.5 billion, an 8.5 percent increase over 2014 sales, according to KCMA's monthly Trend of Business survey.

Reston, VA. March 14, 2016 -- The Kitchen Cabinet Manufacturers Association (KCMA) announced 48 months of consecutive growth for the cabinet industry. Sales for 2015 totaled \$6.5 billion, an 8.5 percent increase over 2014 sales, according to KCMA's monthly Trend of Business survey. Survey participants include stock, semi-custom and custom companies whose

combined sales represent approximately 70 percent of the fragmented U.S. kitchen cabinet and bath vanity market.

“With 48 months of straight growth, cabinetry is at the forefront of US manufacturing,” says KCMA President Mark A. Trexler, and CEO of Master WoodCraft Cabinetry.

Strong growth within the kitchen cabinet manufacturing industry has contributed to the upward tick experienced in the manufacturing sector overall. As noted by the National Association of Manufacturers (NAM), the United States' economy benefits significantly from contributions totaling \$2.17 trillion from the manufacturing sector. This amount is a sharp increase from the \$1.70 trillion that manufacturing contributed to the economy in the second quarter of 2009.

Business Goals and Objectives

Our biggest goal now is to get our new shop up and running, by doing so we can become more efficient in our daily operations. Secondly, we want to grow our business with adding new builders and additional employees, which a new building will allow for. We plan on adding fall of 2018 two new staff that will be cabinet makers at a rate of \$20-\$26 per hour.

I am planning on having a new hire within the first 6 months and an additional within the second six months of being in the new shop. A good rule of thumb in our industry is that each new hire will raise sales \$100,000. We have new contractors calling us quite frequently which we have to turn down.

Services

Hours of Operation:

Business hours are from 7am to 5pm Monday to Friday.

Legal

Minnesota Business Name

Timberline Woodproducts

Business Type Assumed Name	MN Statute 333
File Number 239403	Home Jurisdiction Minnesota
Filing Date 07/11/2000	Status Active / In Good Standing
Renewal Due Date 07/11/2020	Principal Place of Business Address 400 Railroad Str Hamburg, MN 55339 USA
Nameholder Bryan Majz	Nameholder Address 603 George Str. Hamburg, MN 55339

Management and Operations

Timberline currently employs 2 full time workers. Their job descriptions are cabinet makers, who work in the shop and manufacture custom cabinetry.

Promotional Strategy

Our promotional strategy is that we will be finishing our website. Also, Timberline Wood Products will have a Facebook page where people can follow us. We advertise by purchasing embroidered apparel that we hand out to friends and family. We also have graphics on the install van and enclosed trailer for people to see at the jobsites. We also receive word of mouth recommendations that continue to grow our customer base.

Target Markets

Our target market is for homes priced \$1,000,000 and up.

Pricing Strategy

Our pricing strategy is that we will be priced a bit higher than the competitors. We provide a premium custom cabinet with great service which are builders have grown to appreciate and expect, and don't mind paying for the extra quality.

SWOT Analysis

Strengths –

Our reputation of high end work for the past 17 years

Weaknesses –

Our current location constraints

Opportunities –

The building and construction industry keeps gaining strength

Threats-

Would be the unknowns of the building / construction industry. That will always be a threat. Although, IBIS World reports “Rising construction activity and higher consumer confidence will stimulate demand”

Competition

With the 8 different builders we work with only one that gets competitive bids from another high-end cabinet shop. For the others, you can say, if they get the job I get the job. So as far as competitors, I do not have to deal with that part I feel. By supplying a great product with great service and lots of hard work I have never not had work for the guys to do in the shop in 17 years.

Financial Plan

See attached spreadsheets, tax returns, historical financial and personal financial statement.

MORRIS BUILDERS
1936 HWY 212
CLEMCOE, MN 55336
DATE MOBSR 202-226-5246

PROJECT OVERVIEW

TIMBERLINE WOOD PRODUCTS
GREEN ISLE MN

NO.	DESCRIPTION	DATE



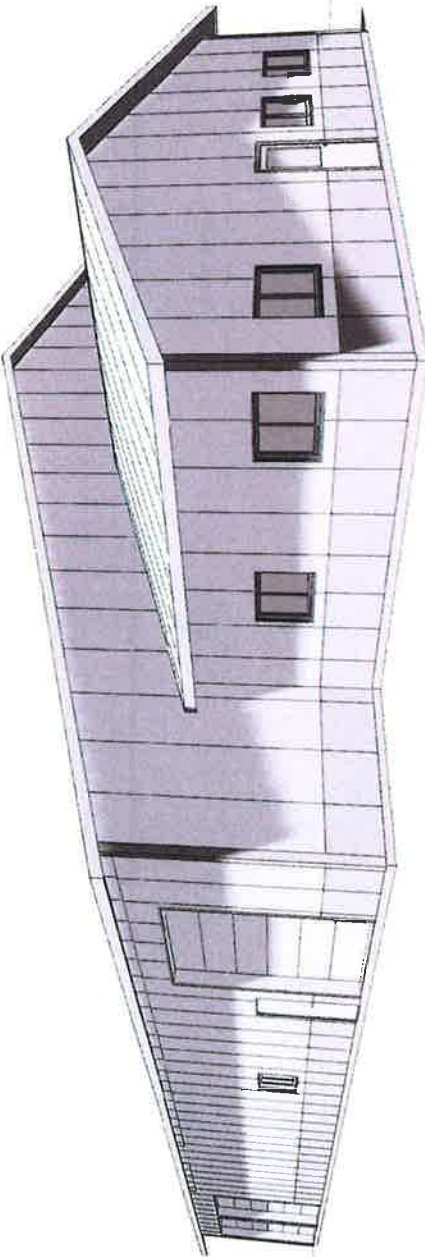
TO THE BEST OF MY KNOWLEDGE THESE PLANS ARE DRAWN TO COMPLY WITH OWNERS AND/OR BUILDERS SPECIFICATIONS AND ANY CHANGES MADE ON THEM AFTER PRINTING ARE MADE WILL BE DONE AT THE OWNERS AND/OR BUILDERS EXPENSE AND RESPONSIBILITY. THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND ENCLOSED DRAWING. WENDROTH PLANNING & DESIGN IS NOT LIABLE FOR ERRORS ONCE CONSTRUCTION HAS BEGUN WHILE A DESIGN CONTRACTOR OF THE JOB MUST CHECK ALL DIMENSIONS AND OTHER MISTAKES. THE MAKER CAN NOT GUARANTEE AGAINST HUMAN ERROR. EFFORT HAS BEEN MADE IN THE PREPARATION OF THIS PLAN TO AVOID CONTRACTOR OF THE JOB MUST CHECK ALL DIMENSIONS AND OTHER DETAILS PRIOR TO CONSTRUCTION AND BE SOLELY RESPONSIBLE THEREAFTER.

HOMESOWNER & CONTRACTOR TO VERIFY ALL DIMENSIONS, STRUCTURAL DETAILS, AND BUILDING CODES, AND GRADE REQUIREMENTS.



REVISION TABLE

NO.	DATE	DESCRIPTION



TIMBERLINE WOOD PRODUCTS

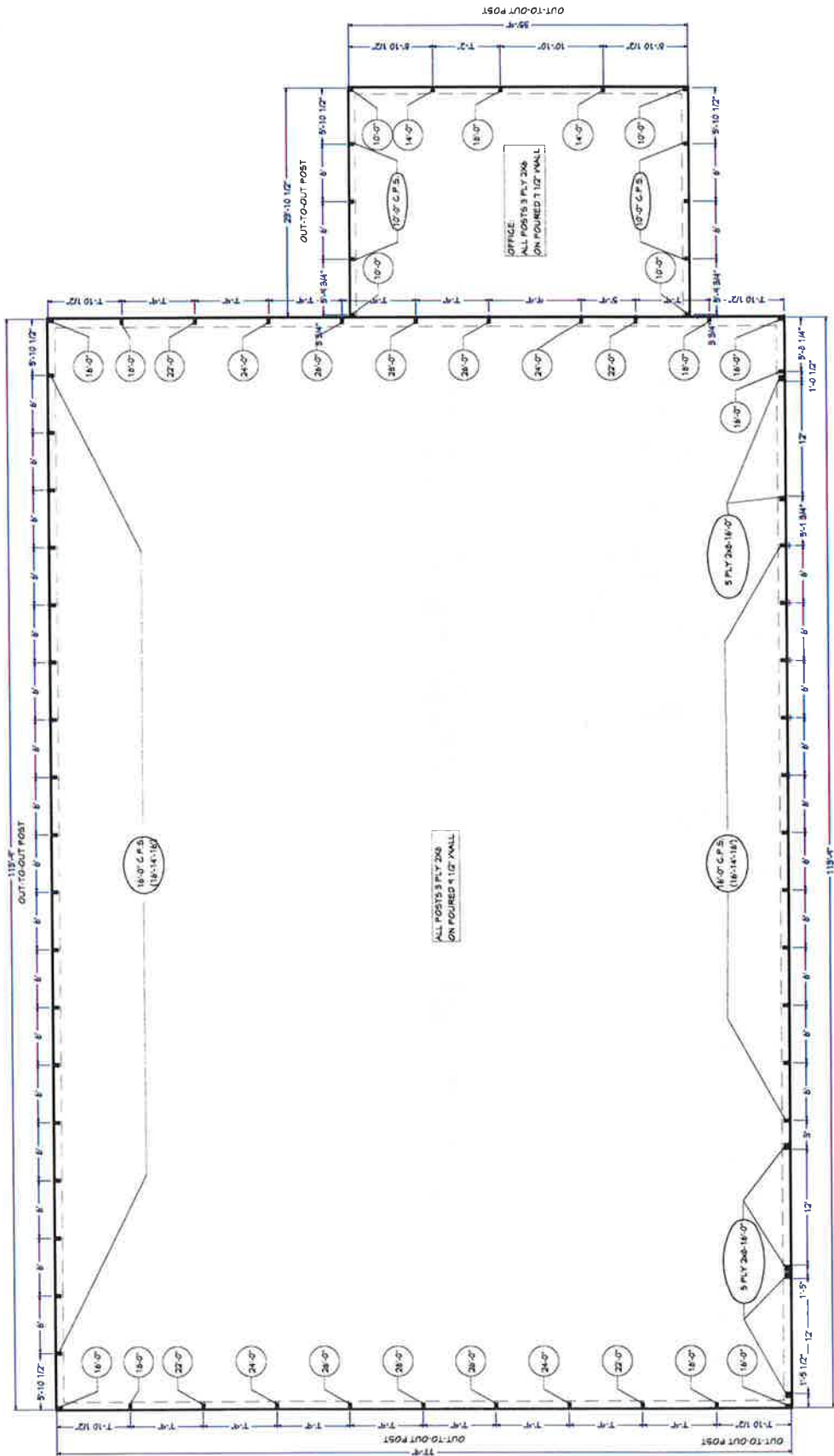
REVISION TABLE				
NO. CHANGE DATE	REVISION BY	DESCRIPTION		

TIMBERLINE WOOD PRODUCTS
GREEN ISLE MN

FOUNDATION PLAN

MORRIS BUILDERS
1936 HWY 212
GLENCOE, MN 55336
MHN MORRIS 320-228-9248

DATE: 9/22/2017
SCALE: 3/16" = 1'-0"
SHEET: A-1



FOUNDATION PLAN
3/16" = 1'-0"

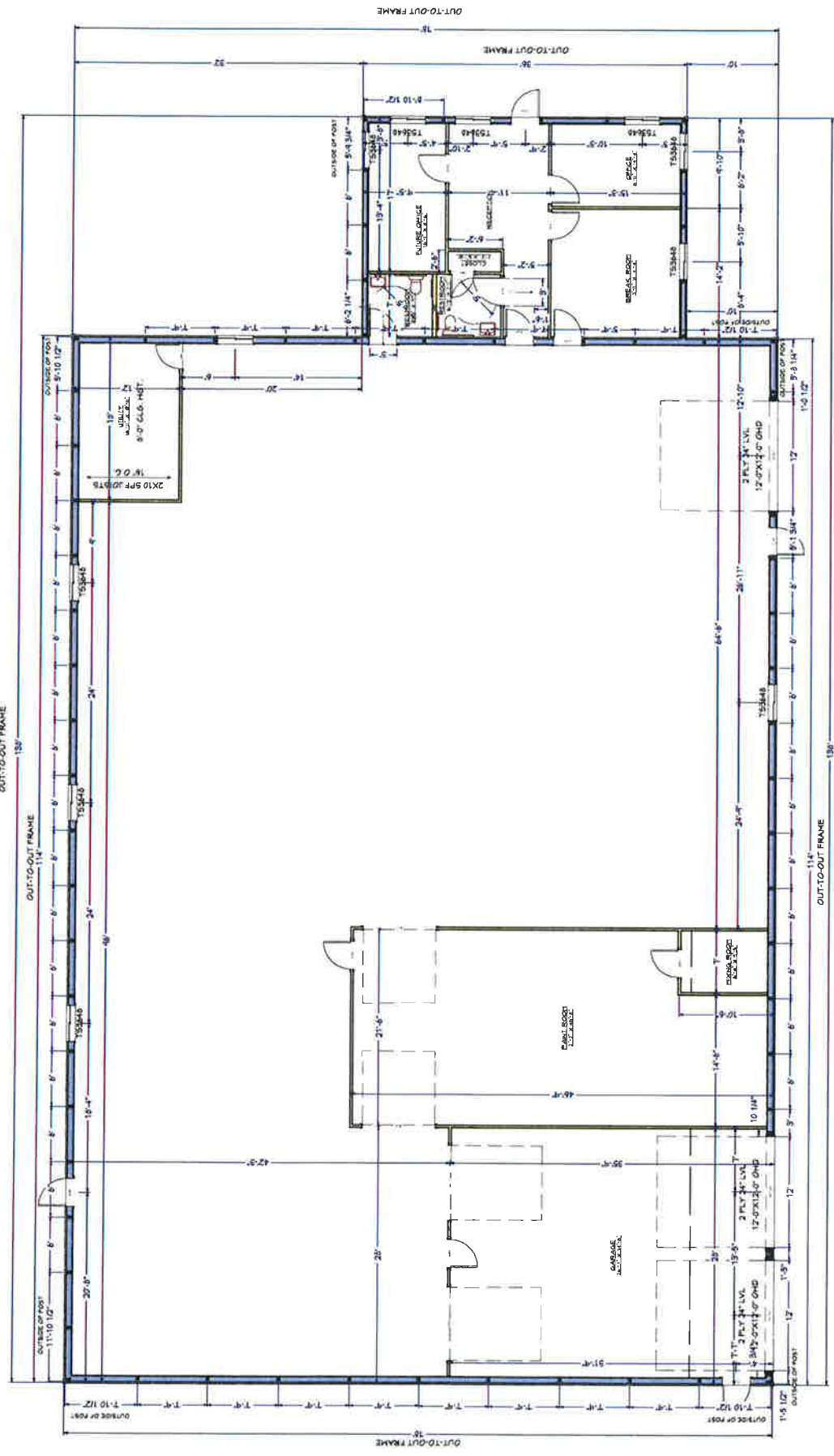
REVISION TABLE	DATE	DESCRIPTION

TIMBERLINE WOOD PRODUCTS
GREEN ISLE MN

1ST FLOOR PLAN

MORRIS BUILDERS
 1393 HWY 212
 CLEONCE, MN 55336
 MNH MOBILE 320-328-5245

DATE: 9/22/2017
 SCALE: 3/16" = 1'-0"
 SHEET: A-2



MAIN FLOOR PLAN
 3/16" = 1'-0"

NO.	DATE	REVISION	DESCRIPTION

TIMBERLINE WOOD PRODUCTS
 GREEN ISLE MN
 DRAWINGS PROVIDED FOR

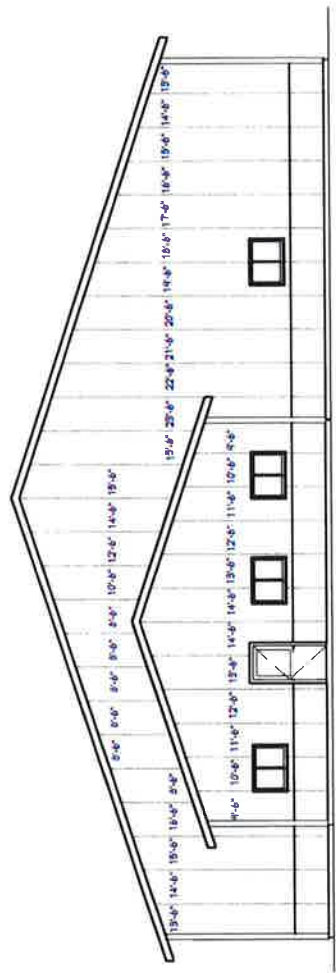
EXTERIOR ELEVATIONS

MORRIS BUILDERS
 1995 HWY 212
 GLENCOE, MN 55336
 DAWN MORRIS 262-228-2246

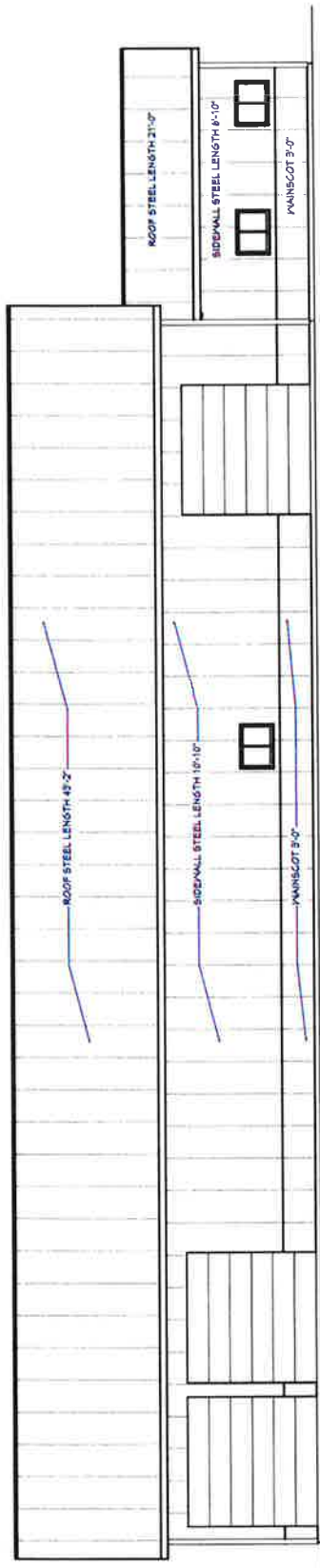
DATE: 9/22/2017

SCALE: 3/16" = 1'-0"
 PLOT ON: 13X17

SHEET: E-1



E1 EAST ELEVATION
 3/16" = 1'-0"



E1 SOUTH ELEVATION
 3/16" = 1'-0"

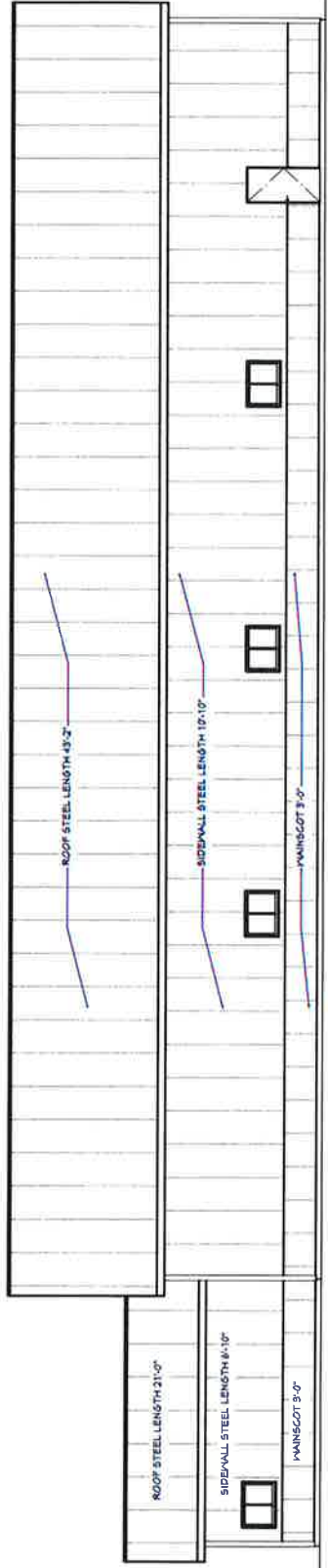
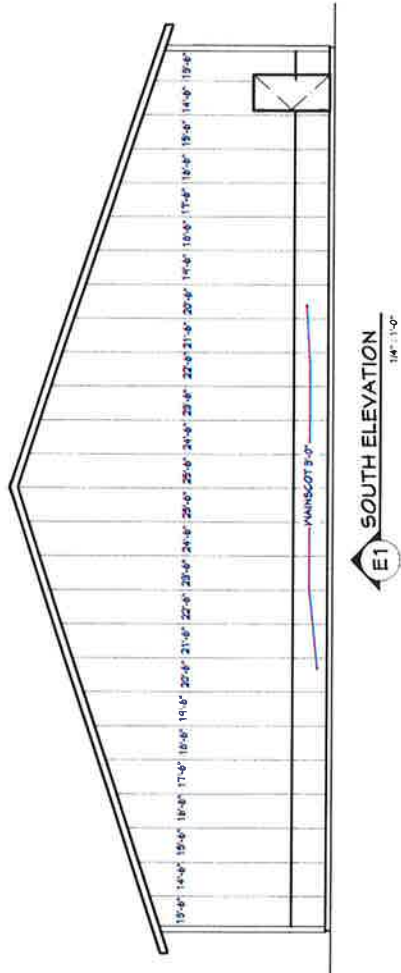
REVISION TABLE	NUMBER	DATE	REVISION

TIMBERLINE WOOD PRODUCTS
GREEN ISLE MN

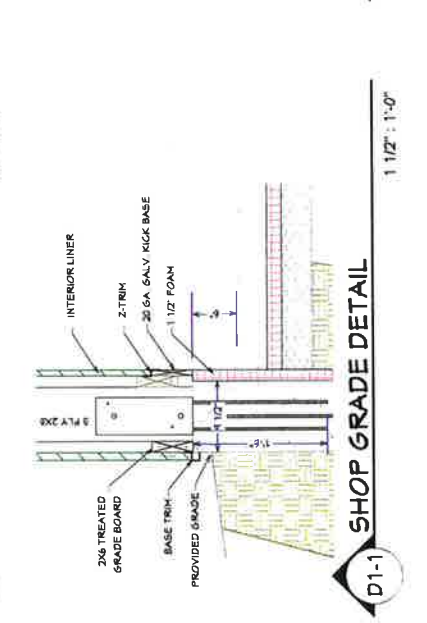
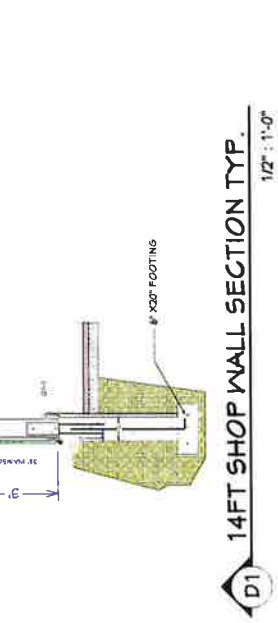
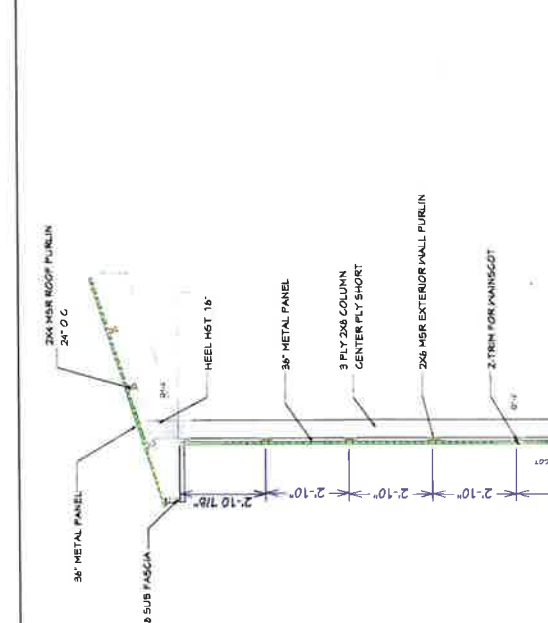
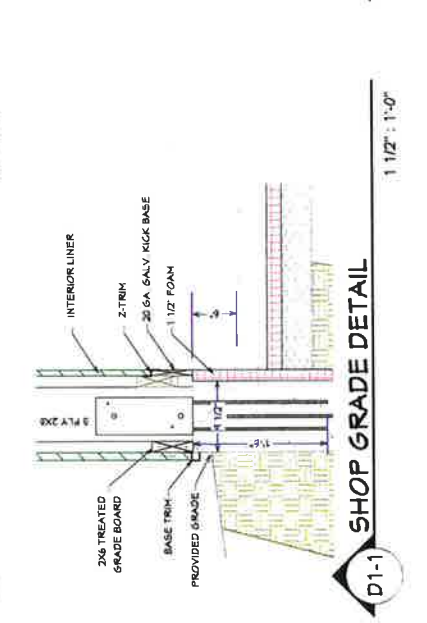
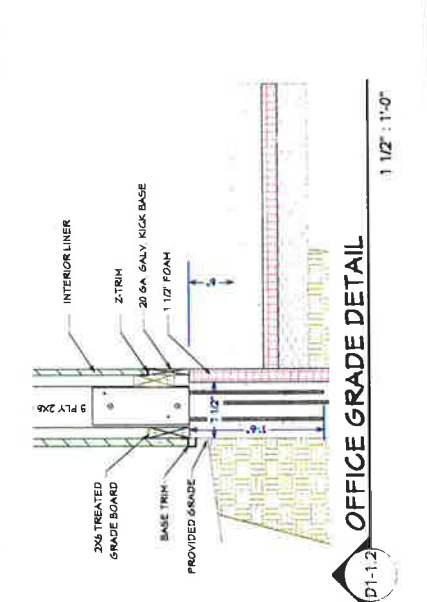
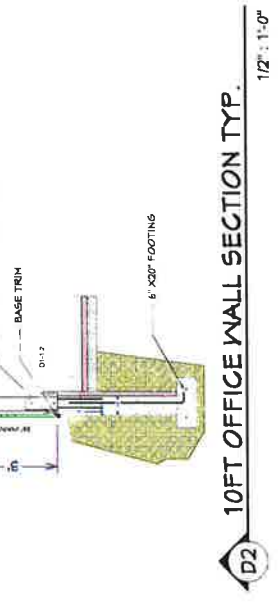
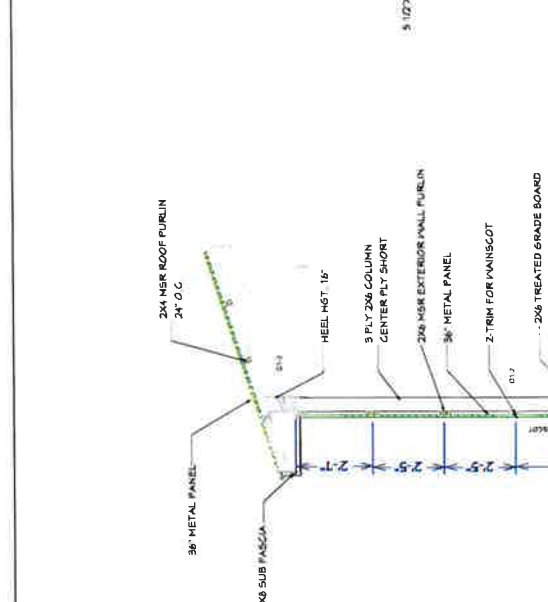
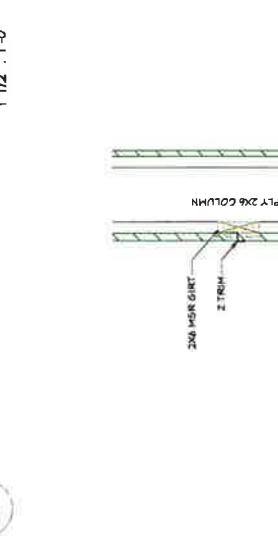
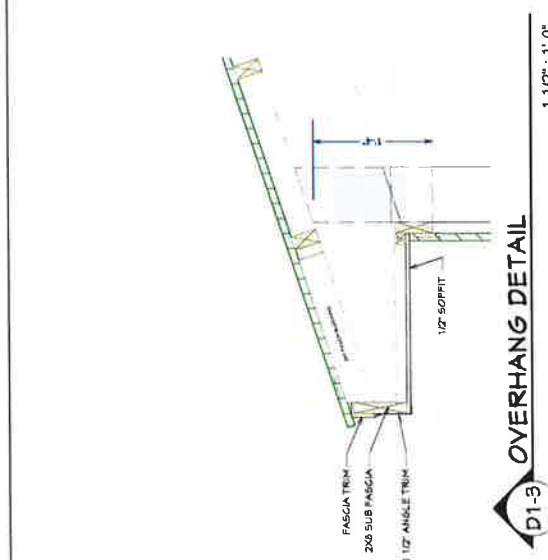
EXTERIOR ELEVATIONS

MORRIS BUILDERS
DRAWINGS PROVIDED BY
1935 HWY 212
CLENCOE, MN 55336
DMN MORRIS 320-338-9245

DATE: 9/22/2017
SCALE: 1/4" = 1'-0"
PLOT ON: 11x17
SHEET: E-2



NO.	DATE	REVISION	DESCRIPTION



RESOLUTION _____

The Green Isle City Council, at its regularly scheduled meeting on November 14, 2017, held at the city council chambers, passed the following resolution by a vote of _____ yes and _____ no:

Resolved:

Section 1. Recitals.

1.01. The City has determined a need to grant a property tax abatement (the "Abatement") pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Act") to B A Investments, LLC (the "Developer"), to help pay a portion of the costs associated with relocating their cabinet business to the City of Green Isle (the "Project") to property (the "Property") with the PID of 34.0158.100.

1.02. Concurrently with the City's consideration of a grant of the Abatement to the Developer, the County of Sibley, Minnesota (the "County") is also considering granting the Developer a property tax abatement.

1.03. On the date hereof, the Green Isle City Council conducted a duly noticed public hearing on the Abatement proposed to be provided by the City, at which the views of all interested persons were heard.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) the City believes that the development to be facilitated is not reasonably likely to occur absent the Abatement, and (b) the payroll associated with the jobs created in the City of Green Isle and the taxes collected from the Property after termination of the Abatement will far exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the tax base, create employment opportunities, and create a new business in the City.

2.04. It is further specifically found and determined that the Abatement provided to the Developer by the City and the County, is expected to result in the following public benefits:

- (a) The development of a site in the Green Isle Industrial Park.

- (b) Creation of jobs in the City.
- (c) Creation of additional tax base in the City.

Section 3. Actions Ratified; Abatement Approved.

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the City's total tax rate for that year against the additional tax capacity attributed to the Project in accordance with the Tax Abatement Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The City will pay the Abatement to the Developer on the dates and in accordance with all the terms and conditions of the Tax Abatement Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement; together with all other abatements approved by the City under the Act and paid in that year exceed the greater of 10% of the City's net tax capacity for that year or \$200,000 (the "Abatement Cap").

(d) The City will pay the Abatement to the Developer in annual installments beginning February 1, 2020 and continuing through February 1, 2029. In no event shall the payment of Abatement by the City to the Developer exceed \$20,285 in any year or a cumulative total of \$202,850 over the abatement term.

(e) The Abatement is subject to modification in accordance with the Act, and subject to the terms of the Tax Abatement Agreement.

(f) In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

(g) The City makes no warranties or representations regarding the amount or availability of the Abatement.

3.03. The tax abatement granted pursuant to this resolution shall not be effective until the Mayor and City Clerk have executed a Tax Abatement Agreement for and on behalf of the City as necessary to implement this Resolution.

The undersigned attest this is a true and correct copy of the resolution adopted on the above stated date.

For City of Green Isle:

By Joseph Kreger
Its Mayor

By Bert Panning
Its City Clerk

SIBLEY COUNTY BOARD OF COMMISSIONERS
RESOLUTION # 2017-
**Approving Property Tax Abatement for
B A Investments, LLC**
November 14, 2017

Motion by Commissioner _____

Seconded by Commissioner _____

BE IT RESOLVED by the Board of Commissioners (the "Board") of Sibley County (the "County") as follows:

Section 1. Recitals.

- 1.01. The County has determined a need to grant a property tax abatement (the "Abatement") pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Act") to B A Investments, LLC (the "Developer"), to help pay a portion of the costs associated with relocating their cabinet business to the City of Green Isle (the "Project") to property (the "Property") with the PID of 34.0158.100.
- 1.02. Concurrently with the County's consideration of a grant of the Abatement to the Developer, the City of Green Isle, Minnesota (the "City") is also considering granting the Developer a property tax abatement.
- 1.03. On the date hereof, the Board of Commissioners of the County conducted a duly noticed public hearing on the Abatement proposed to be provided by the County, at which the views of all interested persons were heard.

Section 2. Findings.

- 2.01. The recitals set forth above are incorporated into this Resolution.
- 2.02. It is hereby found and determined that the benefits to the County from the Abatement will be at least equal to the costs to the County of the Abatement, because (a) the County believes that the development to be facilitated is not reasonably likely to occur absent the Abatement, and (b) the payroll associated with the jobs created in the City of Green Isle and the taxes collected from the Property after termination of the Abatement will far exceed the amount of the Abatement returned to the Developer.
- 2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the tax base, create employment opportunities, and create a new business in the County.
- 2.04. It is further specifically found and determined that the Abatement provided to the Developer by the County and the City, is expected to result in the following public benefits:
 - (a) The development of a site in the Green Isle Industrial Park.
 - (b) Creation of jobs in the County.
 - (c) Creation of additional tax base in the County.

Section 3. Actions Ratified; Abatement Approved.

- 3.01. The Board hereby ratifies all actions of the County's staff and consultants in arranging for approval of this resolution in accordance with the Act.
- 3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:
 - (a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the County's total tax rate for that year against the additional tax capacity attributed to the Project in accordance with

the Tax Abatement Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b)The County will pay the Abatement to the Developer on the dates and in accordance with all the terms and conditions of the Tax Abatement Agreement.

(c)In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement; together with all other abatements approved by the County under the Act and paid in that year exceed the greater of 10% of the County's net tax capacity for that year or \$200,000 (the "Abatement Cap").

(d)The County will pay the Abatement to the Developer in annual installments beginning February 1, 2020 and continuing through February 1, 2029. In no event shall the payment of Abatement by the County to the Developer exceed \$4,975 in any year or a cumulative total of \$49,750 over the abatement term.

(e)The Abatement is subject to modification in accordance with the Act, and subject to the terms of the Tax Abatement Agreement.

(f)In accordance with Section 469.1815 of the Act, the County will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

(g)The County makes no warranties or representations regarding the amount or availability of the Abatement.

3.03. The tax abatement granted pursuant to this resolution shall not be effective until the Board Chairperson and County Administrator has executed a Tax Abatement Agreement for and on behalf of the County as necessary to implement this Resolution.

Section 4. Effective Date. This resolution is effective upon execution in full of the Tax Abatement Agreement.

Yes No Abstain Absent

Cohrs
Harder
Kruggel
Pinske
Swanson

**STATE OF MINNESOTA
OFFICE OF COUNTY ADMINISTRATOR
COUNTY OF SIBLEY**

I, Roxy Traxler, Administrator of the County of Sibley, State of Minnesota, do hereby certify that I have compared the foregoing with the original proceedings filed in my office on the 14th day of November 2017 and that the same is a true and correct copy of part thereof.

Witness my Hand and Seal of Office at Gaylord, Minnesota the 14th day of November 2017.

ATTEST:

Roxy Traxler, County Administrator

TAX ABATEMENT AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Green Isle, Minnesota, a municipal corporation under the laws of Minnesota (“City”); County of Sibley, Minnesota, a political subdivision under the laws of Minnesota (“County”); and B A INVESTMENTS, LLC Company, a Minnesota sole proprietorship (“B A INVESTMENTS, LLC”).

Recitals

- A.** B A INVESTMENTS, LLC has proposed to construct a new 9,750 square foot cabinet shop within the City of Green Isle (the “Project”).
- B.** B A INVESTMENTS, LLC proposes to construct and locate the Project on a parcel in the City of Green Isle (the “Property”) with the following County parcel identification number: 34.0158.100. Legal description: Plat 34015, Lot 001, Block 003.
- C.** B A INVESTMENTS, LLC has represented that the cost of the proposed project is excessive and is seeking Tax Abatement Assistance from the City and County to assist with the payment of Project costs.
- D.** The Project will create new jobs located within the City and County, and will expand the tax base of the City and County.
- E.** The City and County promote job creation and retention and business growth, and have determined that assisting B A INVESTMENTS, LLC with the Project is in the public interest.
- F.** Pursuant to Minn. Stat. § 469.1812 through 469.1815, the City and County approved the use of tax abatement to subsidize the Project by City Resolution _____ adopted by the City Council on November 14, 2017 (“City Resolution”); and the County approved tax abatement to assist the Project by Resolution _____ adopted by the Board of County Commissioners on November 14, 2017 (“County Resolution”). Copies of the City Resolution and the County Resolution are attached and incorporated herein.

G. The City, County, and B A INVESTMENTS, LLC have agreed upon terms pursuant to which the City and County will assist B A INVESTMENTS, LLC with Tax Abatement Assistance for the Project and desire to reduce their agreement to writing.

Agreement

FOR VALUABLE CONSIDERATION, IT IS HEREBY AGREED by and between the City, County, and B A INVESTMENTS, LLC as follows:

SECTION 1

Minimum Improvements

1.1. Minimum Improvements. B A INVESTMENTS, LLC, at its expense, shall construct the Project to completion on the Property.

1.2. Minimum Improvements defined. The Project and appurtenant improvements on and to the Property are called the “Minimum Improvements” and will result in an increase of the County Assessor’s estimated market value to at least \$562,000 (“Estimated Market Value”).

SECTION 2

Tax Abatement

2.1. City abatements. Pursuant to the City Resolution, the City shall abate its respective share of the taxes received that are attributable to the net increase in market value of the Project, commencing with taxes payable during the year 2019 (the “City Abatement”).

2.2. County abatements. Pursuant to the County Resolution, the County shall abate its respective share of the taxes received that are attributable to the net increase in market value of the Project, commencing with taxes payable during the year 2019 (the “County Abatement”).

2.3. Maximum annual abatements: The City Abatement shall not exceed \$20,285 per year or a total of \$202,850; and the County Abatement shall not exceed \$4,975 per year or a total of \$49,750.

2.4. Term: The term of the City Abatements shall be ten (10) consecutive years, commencing with taxes payable in 2019. The term of the County Abatements shall be ten (10) consecutive years, commencing with taxes payable in 2019.

2.5. Collections. The taxes for the Property shall be levied by the City and County, shall be timely paid by B A INVESTMENTS, LLC, and shall be collected by the County. The County will pay the City share of the taxes collected to City.

2.6. Payment of abatements: The abated portion of property taxes collected by the City and County shall be paid to B A INVESTMENTS, LLC according to the terms of the City Resolution and the County Resolution to help defray part of the costs of the Project.

SECTION 3
Tax Abatement Agreement

3.1. Tax Abatement Assistance. The maximum tax abatement assistance granted to B A INVESTMENTS, LLC under this agreement shall be as follows (“Tax Abatement Assistance”):

City Abatement:	\$202,850.00
County Abatement:	\$ 49,750.00
Maximum Total Abatement:	\$252,600.00

3.2. Need. The Tax Abatement Assistance is needed to make the Project financially feasible.

3.3. Public purposes. The public purposes of the Tax Abatement Assistance are to increase the tax base, to create employment opportunities within the City and County, and to enhance the provision of a valuable service within the City and County.

3.4. Goals. The goals for the Tax Abatement Assistance are to secure the construction of the Project, the on-going operation of the Project, to maintain such improvements as a Qualified Facility as described in Section “3.6.” below, and to create the jobs described in Section “3.6.1” below.

3.5. Failure to achieve goals. If the goals described in this Section are not met, B A INVESTMENTS, LLC must make the payments to the City and County as described in Section “3.7.” and may be subject to the other remedies.

3.6. Qualified Facility. B A INVESTMENTS, LLC must construct and continue operation of the Project as a “Qualified Facility” during the term of the tax abatement.

3.6.1. For the purposes of this Section, the term “Qualified Facility” means a facility housing the operations of a cabinet shop with an assessor’s estimated market value for the Project of \$562,000 located on the Property and employing two (2) employees based in the City of Green Isle.

3.6.2. If during the term of this agreement the Project is vacant and not operated for the aforementioned qualified uses, [a] the Project will not constitute a Qualified Facility, and [b] B A INVESTMENTS, LLC will be considered to be in default of this agreement.

3.7. Remedies. If B A INVESTMENTS, LLC fails to create the jobs referenced in Section 3.6.1, or the operating goals established in Section “3.6.”, or is in default under Section 3.6.2, then B A INVESTMENTS, LLC shall repay to the City and County the Tax Abatement Assistance received in the two previous years and the City and County shall have no further obligation under this agreement to make the City Abatement or County Abatement payments to B A INVESTMENTS, LLC. In addition, the City and County may cancel and rescind this agreement by giving written notice to B A INVESTMENTS, LLC.

3.8. Reports. B A INVESTMENTS, LLC shall [a] report its progress on achieving the Goals to the City and County until the Goals are met or the Tax Abatement Assistance is repaid, whichever occurs earlier, [b] include in the report the information required in Minnesota

Statutes § 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Trade and Economic Development, and [c] send completed reports to the County and City no later than March 1 of each year, commencing March 1, 2018, and within 30 days after the deadline for meeting the Goals, and continuing so long as B A INVESTMENTS, LLC is entitled to receive an abatement of taxes pursuant to this agreement.

3.8.1. If the County and City do not receive the reports, either may mail to B A INVESTMENTS, LLC a warning directing B A INVESTMENTS, LLC to send the required reports.

3.8.2. If B A INVESTMENTS, LLC fails to deliver the required reports within 14 days of the postmarked date of the warning, B A INVESTMENTS, LLC shall pay to both the County and City a separate penalty for each of One Hundred Dollars (\$100.00) for each subsequent day until the report is filed, up to a maximum penalty of One Thousand Dollars (\$1,000).

SECTION 4 Miscellaneous

4.1. Attorney fees and costs. Any party who breaches this Agreement shall be liable to the other parties for applicable attorney fees and costs incurred as a result of the breach, in addition to compensatory damages.

4.1.1. Upon being billed by the City or County, B A INVESTMENTS, LLC shall pay the amount of the billing within thirty (30) days of the mailing of said billing.

4.2. Indemnification. Except for any willful misrepresentation or any willful or wanton misconduct of the City and/or County, B A INVESTMENTS, LLC shall protect, defend, and hold harmless the City and County, now and forever, from and against all claims, demands, suits, actions and other proceedings whatsoever brought by any person or entity whatsoever, arising or allegedly arising from the actions or inactions of B A INVESTMENTS, LLC and all persons acting on its behalf or under its direction or control in connection with the transactions contemplated by this agreement.

4.3. Assignment. B A INVESTMENTS, LLC may assign its obligations under and pursuant to this agreement but only with the prior, written consent of the City and County. Any proposed assignee shall have the qualifications and financial responsibility necessary to fulfill the obligations, as determined by the City and County.

4.4. Notices. Except as otherwise expressly provided in this agreement, a notice, demand, or other communication under this agreement shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, as follows:

4.4.1. if to the City: **City of Green Isle, Minnesota
Attn: City Clerk
PO Box 275**

Green Isle, MN 55338

**4.4.2. if to the County: County of Sibley, Minnesota
Attn: County Administrator
P.O. Box 256
Gaylord, MN 55334**

**4.4.2. if to the business: B A INVESTMENTS, LLC
Attn: BRYAN MALZ
400 Railroad Street
Hamburg, MN 55339**

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 others, as provided herein.

4.5. Captions. Any captions in this agreement are for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

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

4.7. Governing law. This agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

4.8. Venue. Any action brought upon or pursuant to this agreement shall be venued in District Court in and for Sibley County, Minnesota.

4.9. Protection of interests. If any party fails to perform any of its obligations as set forth in this agreement, another party – at its option – may cause the same to be performed and deduct the costs of such performance from amounts then due the party in default or charge such costs as an amount immediately due and payable by the party in default.

4.10. Amendment. This agreement may be modified or amended but only by a written instrument that expressly states that it constitutes such an amendment and that is signed by the parties hereto.

4.11. Entire agreement: This contract contains the entire agreement between the parties, and no party has relied upon any verbal or written representations, agreements, or understandings not set forth herein.

4.12. Binding effect. This agreement shall inure to the benefit of and shall bind the City, County, B A INVESTMENTS, LLC, and their respective successors and assigns.

Dated: _____, 2017.

B A INVESTMENTS, LLC:

By: _____
Bryan Malz, President

Its: _____

City of Green Isle, Minnesota

By: _____
Mayor

Attest: _____
City Clerk

Approved as to form and execution:

City Attorney

County of Sibley, Minnesota

By: _____
Board Chair

Attest: _____
County Administrator

Approved as to form and execution:

County Attorney

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The attached "TAX ABATEMENT AGREEMENT" was acknowledged before me this ___ day of _____ 2017, by _____, the _____ of B A INVESTMENTS, LLC on behalf of the sole proprietorship.

(seal)

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF SIBLEY)

The attached "TAX ABATEMENT AGREEMENT" was acknowledged before me this ___ day of _____ 2017, by Joseph Kreger and Bert Panning, the Mayor and City Clerk, respectively, of City of Green Isle, Minnesota, a municipal corporation under the laws of Minnesota, on behalf of the City.

(seal)

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF SIBLEY)

The attached "TAX ABATEMENT AGREEMENT" was acknowledged before me this ___ day of _____ 2017, by Gary Kruggel and Roxy Traxler, the Chairperson of the County Board of Commissioners and County Administrator, respectively, of County of Sibley, Minnesota, a political subdivision under the laws of Minnesota, on behalf of the County.

(seal)

Notary Public

This document was drafted by:
Sibley County Administration
Roxy Traxler, Sibley County Administrator
400 Court Avenue
Gaylord, MN 55334
507-237-7800



Frequently Asked Questions:
**Workforce Housing Development
Program
2017 Request for Proposals**

Available Funding

What is the Workforce Housing Development Program?

The Workforce Housing Development Program (WHDP) was established by the Minnesota Legislature to provide funds for the direct development of market rate residential rental properties to increase the availability of rental housing in Greater Minnesota.

How much funding is available?

Minnesota Housing has \$2 million available for 2017 applicants.

What are the award terms?

Funds will be awarded to recipients as grants. Recipients may provide funds to developers in the form of grants or deferred loans.

What is the maximum award size?

An individual project award cannot exceed 25 percent of the total development costs.

How many awards does Minnesota Housing expect to provide?

Minnesota Housing expects to fund three to five projects through the 2017 Request for Proposals (RFP) cycle.

When are applications due?

Applications are due at 4:30 p.m. CST, Thursday, January 25, 2018.

When will award decisions be announced?

Award announcements are expected in March 2018.

Will additional funding rounds be offered?

A second round of \$2 million of funding will be available in 2018. After 2018, subsequent rounds of additional funding are subject to legislative approval.

Who can apply?

Eligible Applicants must satisfy the following requirements:

- Must be an eligible project area (Generally small and medium sized cities in Greater Minnesota.)
- Must be working with a developer
- Must have a viable proposal for the development of a market rate residential rental property, which can include mixed income.

NOTE: Minnesota Housing will not review applications submitted by developers.

What is the definition of market rate residential rental property?

A market rate residential rental property is a property that is rented at market value without income or rent restrictions. Market rate residential rental properties may include new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park.

Is a mix of market rate and income-restricted units allowed?

Yes. Beginning in 2017, a new statutory provision allows rental developments to have a portion of income-restricted units. However, the statute gives preference to developments with the highest proportion of units without income or rent restrictions.

Eligible Recipients

Who is an eligible recipient?

An eligible recipient is an eligible project area.

What is an eligible project area?

An eligible project area is any one of the following:

- A home rule charter or statutory city located outside of the metropolitan area with a population exceeding 500
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area
- An area served by a joint county-city economic development authority

NOTE: Priority will be given to applicants located in an eligible project area that has a population below 30,000.

How is the metropolitan area defined?

The metropolitan area is defined as the area over which the Metropolitan Council has jurisdiction, which includes Hennepin, Ramsey, Anoka, Carver, Scott, Dakota and Washington counties. The following cities within these counties are not defined as part of the metropolitan area:

- Northfield
- Cannon Falls
- Hanover
- Rockford
- New Prague

The metropolitan area is not eligible to receive funding under this program.

What is a joint county-city economic development authority?

A joint county-city economic development authority is an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

What are the requirements for project readiness?

Projects must demonstrate that they will be ready to start construction within 12 months of grant contract execution.

Do you have any resources that I can use to determine if my community qualifies?

Minnesota Housing has created a map and a list of eligible home rule charter or statutory cities.

NOTE: If you are eligible under the joint county-city economic development authority category, you will need to provide your own supporting documentation demonstrating eligibility.

Eligible Uses of Funds

What are the eligible uses of funds?

Funds are available for project-specific costs resulting in the direct development of market rate residential rental housing units within properties to serve employees of business located in the eligible project area or surrounding area.

Program Requirements

Is a certain vacancy rate required and what do I need to provide to prove that we meet the vacancy rate requirements?

Yes, projects are eligible if the average vacancy rate for rental housing located in the eligible project area and in any other city located within 15 miles of the boundaries of the area, has been five percent or less for at least the prior two years. Applicants will need to provide a self-certification form stating the vacancy rate for the prior two years.

What types of housing developments are eligible?

Eligible types of housing are market rate residential rental properties. This can include new construction or acquisition and rehabilitation of an existing property that is not currently used for housing.

What is the matching requirement for funds?

Funds must be matched one dollar for every two dollars awarded. Applicants must show a commitment of matched funds for the amount of grant funds being requested. Funds must be matched by a local unit of government, business or nonprofit organization. Preference will be given to applicants who have a match commitment higher than the statutory minimum of one dollar for every two dollars. **NOTE:** The developer or an entity affiliated with the developer cannot be the source of matching funds.

What do I need to provide to show that we have met the match requirements?

Applicants need to submit a signed local government resolution certifying that the match amount is available and committed.

Where can the match come from?

A match can come from the local government, a business or a nonprofit organization. Funds from the developer or an entity affiliated with the developer will not qualify for the match.

What do I need to provide to show a community need?

Applicants must submit a written statement from one or more businesses, located in the eligible project area or within 25 miles of the area that employ a minimum of 20 full-time equivalent employees in aggregate, indicating that the lack of available rental housing has impeded the ability of the business to recruit and hire employees.

Selection Criteria

How will applications be ranked and selected?

Proposals will be competitively evaluated based on the following threshold categories and selection criteria. Applicants must meet all threshold requirements in order to be eligible. Applications that meet threshold requirements will then be scored on the selection criteria.

- Threshold Requirements
 - Eligible Project Area
 - Vacancy Rate at or below five percent
 - Eligible Uses: funds will result in the direct development of rental housing
 - Match/Community Support
 - Community Need
- Selection Criteria
 - Readiness to Proceed
 - Leverage
 - Market Rate (share of all units)
 - Community Size
 - Need and Feasibility (including capacity of the development team)

Who can I contact with questions?

Katie Moore at 651.296.6354 or katie.moore@state.mn.us