



# City Council Meeting Agenda

June 03, 2025 at 5:30 PM

St. James City Hall – Council Chambers

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**1. CALL TO ORDER**

**2. ROLL CALL:** Mayor Christopher Whitehead, Councilpersons: Susan Craig, Kathleen Hanson, Paul Harris, Stephen Lindee, Hannah Rushing

**3. DETERMINATION OF QUORUM**

**4. APPROVAL OF MINUTES**

[A.](#) Consideration to Approve Minutes – 05.20.2025 Council Meeting

**5. CONSENT ITEMS**

**A.** Payment of Claims and ACH Payments

**6. SCHEDULED BID LETTING**

**7. SCHEDULED PUBLIC HEARINGS**

[A.](#) Tax Increment Financing District No. 1-8

**8. ADMINISTRATIVE APPEALS**

**9. FINANCIAL REPORTS**

**10. LICENSES AND PERMITS**

[A.](#) Consideration to Approve Special Event Permit - Fox 9 Town Ball

[B.](#) Consideration to Approve Special Event Permit - Farmers Market

[C.](#) Consideration to Approve Special Event Permit - Music in the Park

[D.](#) Consideration to Approve Special Event Permit - Railroad Days

[E.](#) Consideration to Approve Special Event Permit - Fireworks

**11. OLD BUSINESS**

**12. NEW BUSINESS**

[A.](#) Consideration to Approve Resolution 06.25.01 - Approving the Establishment of Tax Increment Financing District No. 1-8, and Adoption of the Tax Increment Financing Plan Relating Thereto

[B.](#) Consideration to Approve Resolution 06.25.02 - Ordering Preparation of Report on Improvement for 12th Avenue South Highway District Expansion

[C.](#) Consideration to Approve Resolution 06.25.03 - Accepting Financial Gift from the Fraternal Order of Eagles #3420

[D.](#) Consideration to Approve New Hire - Preston Mix, Police Officer

**13. REPORT OF BOARDS, COMMISSIONS AND DEPARTMENT HEADS**

## 14. ADJOURNMENT

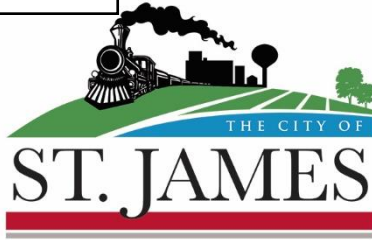
June 3, 2025

**ITEM:** Approval of Minutes – 05.20.2025 Council Minutes

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**BACKGROUND:** The Minutes from May 20, 2025, City Council Meeting are attached for review and approval.

**STAFF RECOMMENDATION:** Approve/Deny Minutes.



## City Council Meeting - Amended Minutes

May 20, 2025 at 5:30 PM

St. James City Hall – Council Chambers

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### 1. CALL TO ORDER

Meeting called to order at 5:30 p.m.

### 2. ROLL CALL: Mayor Christopher Whitehead, Councilpersons: Susan Craig, Kathleen Hanson, Paul Harris, Stephen Lindee, Hannah Rushing

**PRESENT:** Mayor Christopher Whitehead, Councilpersons Kathleen Hanson, Paul Harris, Stephen Lindee, Hannah Rushing

**ABSENT:** Councilperson Sue Craig

**STAFF PRESENT:** City Manager Amanda Knoll, City Clerk-Treasurer Kris Hurley, City Attorney Mike Kircher

### 3. DETERMINATION OF QUORUM

### 4. APPROVAL OF MINUTES

#### A. Consideration to Approve Minutes – 05.06.2025 Council Meeting

Motion made by Rushing, Seconded by Harris.

Voting Yea: Hanson, Harris, Lindee, Rushing

Upon voice vote, it was unanimously approved.

### 5. CONSENT ITEMS

#### A. Payment of Claims and ACH Payments

Payment of Claims totaling \$448,356.15 is as follows: \$448,356.15 Check No. 704084 - 704169 as listed in the check register.

Motion made by Harris, Seconded by Rushing.

Voting Yea: Hanson, Harris, Lindee, Rushing

Upon voice vote, it was unanimously approved.

### 6. SCHEDULED BID LETTING

### 7. SCHEDULED PUBLIC HEARINGS

### 8. ADMINISTRATIVE APPEALS

### 9. FINANCIAL REPORTS

### 10. LICENSES AND PERMITS

## **11. OLD BUSINESS**

- A. Consideration to Approve Second Reading of Proposed Ordinance 028, 4th Series - Cannabis Regulations

Ordinance 028, 4th Series Adding Chapter §124 to the St. James City Code Pertaining to Regulation of Cannabis Businesses.

Motion made by Rushing, Seconded by Lindee. Ordinance 028, 4th Series received its second reading. Upon hand vote, the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Ordinance 028, 4th Series to have received its second reading.

- B. Consideration to Approve Second Reading of Proposed Ordinance 029, 4th Series - Naming Street

Ordinance 029, 4th Series Renaming a Street in the City of St. James, Watonwan County, Minnesota.

Motion made by Harris, Seconded by Hanson. Ordinance 028, 4th Series received its second reading. Upon hand vote the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Ordinance 028, 4th Series to have received its second reading.

## **12. NEW BUSINESS**

- A. Consideration to Approve Resolution 05.25.11 - Approving Ordinance 028, 4th Series Adding Chapter §124 to the St. James City Code and Authorizing the Title and Summary for Publication

Resolution 05.25.11 Approving Ordinance 028, 4th Series Adding Chapter §124 to the St. James City Code and Authorizing the Title and Summary for Publication.

Motion made by Rushing, Seconded by Lindee. Upon hand vote, the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.11 duly passed 4-0.

- B. Consideration to Approve Resolution 05.25.12 - Approving Ordinance 029, 4th Series Renaming a Street and Authorizing the Title and Summary for Publication

Resolution 05.25.12 - Approving Ordinance 029, 4th Series Renaming a Street and Authorizing the Title and Summary for Publication.

Motion made by Hanson, Seconded by Harris. Upon hand vote, the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.12 duly passed 4-0.

- C. Consideration to Approve Resolution 05.25.13 - Amending the 2025 Fee Schedule

Resolution 05.25.13 - Amending the 2025 Fee Schedule to include cannabis retail registration and renewal application fees according to state law.

Motion made by Rushing, Seconded by Lindee. Upon hand vote, the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.13 duly passed 4-0.

- D. Consideration to Approve Resolution 05.25.14 - Accepting Bid for Project No. 24X.135115 7th Street South, 13th Avenue, and Moulton & Parsons Improvement Project

Resolution 05.25.14 - Accepting Bid for Project No. 24X.135115 7th Street South, 13th Avenue, and Moulton & Parsons Improvement Project. The following bids were received:

<b>BIDDER</b>	<b>BID AMOUNT</b>
Dirt Merchant, Inc.	\$1,845,944.00
W.W. Blacktopping, Inc.	\$2,028,111.02
GM Contracting, Inc.	\$2,054,737.19
ICON, LLC	\$2,213,918.10
OMG Midwest, Inc. (MN Paving & Materials)	\$2,232,485.63
M.R. Paving & Excavating, Inc.	\$2,276,110.34
Duininck, Inc.	\$2,454,028.10
R & R Excavating, Inc.	\$2,711,652.92

Dirt Merchant, Inc. of Mankato Minnesota is the lowest responsible bidder.

Motion made by Harris, Seconded by Hanson to accept the bid from Dirt Merchant, Inc. of Mankato Minnesota. Upon hand vote, the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.14 duly passed 4-0.

- E. Consideration to Approve Resolution 05.25.15 - Accepting Bid for 2025 Street Seal Coating

Resolution 05.25.15 - Accepting Bid for 2025 Street Seal Coating. The following bids were received:

<b>BIDDER</b>	<b>BID AMOUNT</b>
Asphalt Surface Technologies Corp.	\$191,277.44
Pearson Bros, Inc.	\$195,104.57
Allied Blacktop Company	\$217,462.59
M.R. Paving & Excavating	\$256,092.10

Asphalt Surface Technologies Corp. of St. Cloud Minnesota is the lowest responsible bidder.

Motion made by Rushing, Seconded by Lindee to approve the resolution with amendments correcting bidder information, as listed above. Upon hand vote, the following voted:

Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.15 duly passed 4-0.

- F. Consideration to Approve Resolution 05.25.16 - Establishing the Position of Police Sergeant within the Police Department of the City of St. James

Resolution 05.25.16 - Establishing the Position of Police Sergeant within the Police Department of the City of St. James. The creation of this position is recommended by the

Personnel Committee following a review of the department's current structure and staffing needs. Research into similar sized communities shows that it is standard practice to include a sergeant-level role rather than appointing an Assistance Police Chief. This structure better aligns with operational demands and budgetary considerations.

Motion made by Harris, Seconded by Rushing. Upon hand vote, the following voted:  
Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.16 duly passed 4-0.

- G. Consideration to Approve Resolution 05.25.17 - Accepting Terms of Grant Agreement to State Transportation Fund Local Road Improvements Program Grant Terms and Conditions for SAP 083-594-004

Resolution 05.25.17 - Accepting Terms of Grant Agreement to State Transportation Fund Local Road Improvements Program Grant Terms and Conditions for SAP 083-594-004 (7th Street South Improvements).

Motion made by Lindee, Seconded by Hanson. Upon hand vote, the following voted:  
Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.17 as duly passed 4-0.

- H. Consideration to Approve Resolution 05.25.18 - Accepting Financial Gift from the Eagles #3420

Resolution 05.25.18 - Accepting Financial Gift from the Eagles #3420 - Railroad Depot Museum sign project.

Motion made by Rushing, Seconded by Harris. Upon hand vote, the following voted:  
Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.18 duly passed 4-0.

- I. Consideration to Approve Resolution 05.25.19 - Accepting Financial Gift from the Ellingsburg Zettle VFW Post #1914

Resolution 05.25.19 - Accepting Financial Gift from the Ellingsburg Zettle VFW Post #1914 - Archery Range

Motion made by Lindee, Seconded by Rushing. Upon hand vote, the following voted:  
Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.19 duly passed 4-0.

- J. Consideration to Approve Resolution 05.25.20 - Accepting Financial Gift from the Ellingsburg Zettle VFW Post #1914

Resolution 05.25.20 - Accepting Financial Gift from the Ellingsburg Zettle VFW Post #1914 - Fire Department.

Motion made by Hanson, Seconded by Harris.  
Voting Yea: Hanson, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 05.25.20 duly passed 4-0.

### 13. REPORT OF BOARDS, COMMISSIONS AND DEPARTMENT HEADS

**14. ADJOURNMENT**

Motion made by Rushing, Seconded by Lindee.

Voting Yea: Hanson, Harris, Lindee, Rushing

All Yea - motion carried. The meeting adjourned at 5:48 p.m.

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Kristin Hurley, City Clerk-Treasurer



June 3, 2025

**ITEM:** Scheduled Public Hearings – Tax Increment Financing District No. 1-8: 12<sup>th</sup> Avenue South Highway District Expansion

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**BACKGROUND:** Public hearings are conducted at council meetings and shall include an opportunity for the public and interested parties to hear and see all information and to ask questions, provide additional information, express support or opposition, and/or suggest modifications to the proposal. The mayor will conduct the public hearing and explain the procedure to be followed before the hearing begins. The public will be allowed to participate and must follow the rules of conduct. Hearings are formal proceedings and will be conducted as such. While everyone will be given an opportunity to participate, comments should be relevant to the topic at hand and concise. If many people share the same viewpoint, the council encourages the appointment of a spokesperson to avoid repetitive testimony.

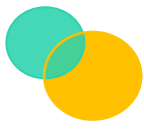
The public hearing will be conducted in the following manner:

1. Staff Presentation- City staff, or consultants employed by the City, will identify the issue of the hearing, explain any pertinent laws or regulations associated with the issue; and the steps being taken by the City.
2. Applicant's Presentation - In this portion of the hearing, the applicant (if applicable) has the opportunity to present his or her case. However, no statement either for or against the proposal should be accepted at this point.
3. Public Comment - Once staff and the applicant have completed their background information, the public will be allowed to speak.

All speakers in the public comment portion of the hearing will be limited to five (5) minutes. The mayor may allow extended time at his/her discretion. All speakers will be encouraged to present factual evidence for public consideration and to refrain from broad statements without any basis of fact. Speakers may provide written materials to the Council. The Council will listen to testimony and will not express opinions during the public hearing. The council may ask pertinent questions of the speaker or staff and must refrain from debating or engaging in discussion with the public during the public hearing.

After all evidence and testimony has been received and everyone has been given an opportunity to be heard, the public hearing will be closed by the mayor. Action on the hearing issue may or may not be scheduled for later in the meeting. If action is to be taken, the City Council will discuss the issue in open session. During the Council discussion portion of the meeting, citizens will no longer be allowed to participate.

**STAFF RECOMMENDATION:** No action required.



**DDA**

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

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

May 28, 2025

City of St. James  
Attn: Amanda Knoll, City Manager  
Attn: Brianna Sanders, EDA Director  
P.O. Box 70  
St. James, MN 56081

RE: Proposed Tax Increment Financing District No. 1-8

Honorable Mayor, City Council Members, Administrator Knoll, and Director Sanders:

Bramer and Michelle Powers dba BMP Investments, LLC (the “Developer”) has expressed an interest in constructing a new car wash/laundromat/pet wash on vacant property located near the hospital. The Developer has indicated that the provision of tax increment financing assistance will be necessary to implement the project as proposed.

Tax Increment Financing or TIF is a tool that captures new property taxes (city, county, school district) that are generated as a result of new development that occurs within the boundaries of a designated TIF District. For the proposed project, the City could create an economic development tax increment district which can capture tax increments for up to 9-years. Typically, economic development TIF Districts can only include manufacturing, warehousing, and distribution businesses, but there is a small-city exemption which indicates that communities below 5,000 population can include commercial projects of up to 15,000 sq ft if they are located more than 5-miles from a city of 10,000 population or greater.

The Developer has requested the reimbursement of 90% of the available tax increments (new property taxes) from the project for a term of 9-years. Based on an estimate of market value from the county assessor, the requested assistance would total approximately \$107,114, or nine consecutive years of reimbursement, whichever occurs first. The reimbursement would be made for actual eligible costs incurred for the project, so if for any reason the project does not proceed, the City would not be required to provide project funding.

For tax increment financing to be available for a project, the city must undertake a process defined by Minnesota Statutes to create a tax increment district. A public hearing is required as part of this process and the City Council previously called for that public hearing to be held at the June 3, 2025 meeting. Copies of the tax increment plan have been distributed to the County and the School District in advance of the public hearing so that they have an opportunity to comment.

Following the public hearing the City Council will be asked to consider a resolution adopting a tax increment plan and authorizing the execution of a development agreement. A resolution providing for both of those actions is attached for consideration along with a draft of the Tax Increment Financing Plan and the proposed tax increment financing (TIF) agreement.

A summary of the proposed terms of the TIF agreement includes the following:

The City will agree to the following:

1. The City Council will create TIF District 1-8 (a multi-parcel economic development district) for the purpose of providing PAYGO TIF assistance for 9-years. The assistance shall consist of 90% of the available increment generated by the development property (parcel I.D.#200242800), and said assistance shall not exceed \$107,114. No interest will be paid on the note. Eligible costs to be reimbursed will include land acquisition and site improvements which includes payments on special assessments for public improvements.

Developer will agree to the following:

1. Shall start construction by June 1, 2026 and substantially complete construction of the new car wash/pet wash/laundromat by December 31, 2026. Said project is to be constructed according to plans and specifications that are approved by the City.
2. Make all property tax, special assessment, and utility payments on time and in full.
3. There are no job creation goals (not a business subsidy at this time).
4. Developer shall maintain its operations in the City for the duration of the subsidy.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Shannon Sweeney".

Shannon Sweeney, Associate  
David Drown Associates, Inc.

**DRAFT**

## **City of St. James, Minnesota**

### **Tax Increment Financing District No. 1-8 Business Park Projects**

To be Adopted: June 3, 2025



**DDA**

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

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# Tax Increment Financing Plan for Tax Increment Financing District No. 1-8

## Introductory Statement

The primary purpose for this TIF District and Plan is to promote the development of a new business park in the City of St. James. The St. James Economic Development Authority is in the process of acquiring parcels to be developed to promote additional commercial development. Additionally, initial development is expected to include a new car wash/pet wash/laundromat.

## Section 1 Definitions

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

"City" means the City of St. James, Minnesota.

"County" means Watonwan County, Minnesota.

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

"Developer" means any person undertaking construction or renovation in the Project Area including Crystal Clear Car Wash, LLC and BMP Investments, LLC.

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

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

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

"School District" means the Independent School District No. 840 – St. James Public Schools.

"State" means the State of Minnesota.

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

"TIF District" means Tax Increment Financing District No. 1-8.

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

## Section 2 Statement of Need and Public Purpose

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

## Section 3 Statutory Authorization

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

## Section 4 Statement of Objectives

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

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

The St. James EDA is in the process of purchasing properties in the TIF District to promote additional commercial projects in the community. Crystal Clear Car Wash, LLC is intending to initially construct a new car wash/pet wash/laundromat within the TIF District.

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

A map indicating the location of the TIF District as proposed is provided in Exhibit 1. Parcel identification number information is included in Exhibit 2. The area encompassed by the TIF District shall also encompass all street/highway rights-of-way, trail rights-of-way, and utility and drainage easements located upon or adjacent to said parcels located within the TIF District.

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

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

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

<u>Capital Costs:</u>	
Land Acquisition	50,000
Public Utilities & Streets	950,000
Site Improvements	124,689
	<u>\$1,124,689</u>
<u>Finance Costs:</u>	
Bond & Note Interest Expense	<u>200,000</u>
<u>Administrative Costs</u>	
Administration funded with TIF	<u>50,000</u>
<b>Total Uses of Funds</b>	<b>\$ 1,374,689</b>

### Estimated Tax Increment Revenues

Tax Increments	\$ 1,124,689
Investment Interest	250,000
Other	<u>0</u>
<b>Total Sources of Funds</b>	<b>\$ 1,374,689</b>

**Estimated Amount of Bonds to be issued** **\$ 1,174,689**

The City reserves the right to adjust the amount of capital line items listed above or to incorporate additional eligible items, so long as the total capital & administrative costs are not increased. Increasing the budget for financing costs, principal or interest will require a public hearing and formal TIF Plan modification process pursuant to Minnesota Statutes Section 469.175 Subd. 4. The City also reserves the right to fund any of the identified costs with any other legally available revenues, but anticipates that all costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs and financing costs (interest) is \$1,174,689.

## Section 8 Estimated Impact on Other Taxing Jurisdictions

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

## Section 9 Fiscal and economic implications

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

City Service Costs: The business park will be served by public streets and utilities. Additional public infrastructure and maintenance expenses will be required to build out this area which will serve multiple parcels that will be available for sale by the Economic Development Authority. The City intends to use tax increments generated by the projects to assist in funding the installation of public infrastructure that serves eligible parcels. Demands on other City services are expected to be handled without increased public costs, and City utilities are operated on a fee for service basis so usage revenues will cover increased costs. Impacts on police, fire and administrative

costs are expected to be negligible.

The City may finance some of the public improvements with tax increment bonds and provide assistance on a pay-as-you-go basis. The project may impact debt levels but is not expected to have an adverse impact on the City's current credit rating or capacity to borrow for future projects.

TIF Attribution: The City projects TIF collections will total \$1,124,689 (before State Auditor's deductions) over the 9-year life of the TIF District. Of this total, \$549,460 is attributable to the City's share of the tax levy; \$420,420 from the County's share of tax levy, and approximately \$153,450 from the School District's share of tax levy. Exhibit 4 has a detailed allocation of total TIF collections to the City, County and School.

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

The City may acquire property located within the tax increment district for public right-of-way for the construction of public streets and infrastructure.

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

The City reserves the right to fund all Project costs permitted by law using internal funding, general obligation bonds, pay-as-you-go financing or any other financing mechanism authorized by law. The maximum principal amount of bonds to be funded with tax increment revenue from TIF District No. 1-8 is \$1,174,689.

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

## **Section 12 Designation of TIF District as an Economic Development District**

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

1. it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
2. it will result in increased employment in the state;
3. It will result in preservation and enhancement of the tax base of the state; or
4. It satisfies the requirements of a workforce housing project under section 469.176, subdivision 4c, paragraph (d).

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section 5) meets all of the criteria listed above. Without establishment of the TIF District the proposed development would not occur within the City. The proposed development will also result in increased employment and enhancement of the tax base of both the City and the State.

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

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

The Market Value of all property within the TIF District as of January 1, 2025 for taxes payable in 2026 is estimated at \$221,700. At this value, the Original Net Tax Capacity of the TIF District is estimated to be \$4,434 (see Exhibit 2). Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

1. Changes in the tax-exempt status of property;
2. Reductions or enlargements of the geographic area of the TIF District;



3. Changes due to stipulation agreements or abatements; or
4. Changes in classification rates

## Section 14 Original Local Tax Rate

The County Auditor shall certify the Original Local Tax Rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the Original Net Tax Capacity.

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

At the time this TIF Plan was prepared, the sum of all local tax capacity rates that apply to property in the TIF District for taxes levied in 2024 and payable in 2025 was 112.993%.

<u>Taxing Jurisdiction</u>	<u>Pay 2025 Local Tax Rate</u>
City of St. James	55.202%
Watonwan County	42.238%
Independent School District No. 840	15.417%
Other	.137%
Total	112.993%

The projected original local tax rate does not include the State of Minnesota property tax rate on commercial, industrial and seasonal recreation property which is *not* captured as tax increment.

Minnesota Statutes were amended in 2013 to exclude from TIF Districts that portion of the local school levy attributed to local operating costs. The tax increment projections do not exclude that portion of the school tax rate so the revenue and impact assumptions for School District No. 840 are slightly over-stated.

## Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment

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

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

## Section 16 Statutory Duration of the TIF District

Economic development districts may remain in existence for eight years from the date of receipt of the first tax increment. This produces nine (9) annual collections of tax increments, with the first year of increment expected to be 2027 and that the final year will be 2035. Modifications of this plan (see Section 28) may not extend these limitations unless the City elects under certain circumstances to extend the duration of TIF District in order to recover eligible pollution cleanup costs incurred by the City (see M.S. Section 469.176, Subd. 1g for details).

## Section 17 Use of Tax Increments – Economic Development Districts

Revenue derived from tax increment from an economic development district must be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, in which at least 85 percent of the buildings and facilities (determined on the basis of square footage) are used for any of the following purposes:

1. the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. warehousing, storage, and distribution of tangible personal property, excluding retail sales;

3. research and development related to the activities listed in clause (1) or (2);
4. telemarketing if that activity is the exclusive use of the property;
5. tourism facilities;
6. space necessary for and related to the activities listed in clauses (1) to (5) above; or
7. a workforce housing project that satisfies the requirements of 469.176, subdivision 4c, paragraph (d).

If the City has a population of 5,000 or less and is located five miles or more from a City having a population of 10,000 or more (a "Small City"), revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility. These revenues may also be used if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

### **Section 18 Use of Tax Increments – General**

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

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

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

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

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, County, School District, or any other local unit of government or the State or federal government, including social, recreational or conference facilities or a public park used as a commons area. Tax increments may be used to finance public parking facilities.

Tax increment may not be spent outside the TIF District on improvements, equipment, or other items whose primary purpose is decorative or aesthetic or if the materials used or design cost twice that of more commonly used equipment or improvements. This prohibition does not apply to improvements related to rehabilitating historic structures on national register or in a historic district listed on the national register.

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

## **Section 19 “Green Acres”**

The TIF District may not include parcels that qualified as “green acres” in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to qualified manufacturing or distribution facilities directly related to production of tangible personal property and paying at least 90% of its employees’ wages equal to or greater than 160% of the federal minimum wage; or the development in the district is a housing project.

## **Section 20 4-Year Knock-Down Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

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

## **Section 21 Tax Increment Pooling – 5-year Rule**

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

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

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

## **Section 22 Excess Tax Increment**

On December 31st of each year, the City must determine the amount of excess increments for the TIF District. Excess increments may only be used to:

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

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

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

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increments received.

### **Section 24    Prior Planned Improvements**

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

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

### **Section 25    Development Agreements**

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

### **Section 26    Business Subsidy Laws**

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

For financial assistance of \$25,000-149,999:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Complete the Financial Assistance Report annually for two years

For a business subsidy of \$150,000 or more, the City must complete the following:

1. Adopt criteria for awarding business subsidies following a public hearing.
2. Conduct a public hearing on the subsidy, after providing at least 10 days published notice in the local newspaper.
3. Enter into a subsidy agreement which must include the following information and requirements:
  - a. A description of the subsidy.
  - b. A statement of the public purpose and goals of the subsidy.
  - c. Wage and job creation goals (or job retention goals, if job loss is imminent and demonstrable) to be achieved within 2 years of receiving the subsidy;
  - d. A description of the recipient's financial obligation if the goals are not met. The recipient must pay back the assistance with interest if goals are not met, although pro-rata to reflect partial fulfillment of goals is permitted.
  - e. A statement of why the subsidy is needed.

- f. A commitment from the recipient to continue operations at the site for at least 5 years;
- g. The name and address of the parent company of the recipient;
- h. A list of all other financial assistance to the project; and
- i. A requirement for the recipient to provide the City and the Department of Employment and Economic Development with annual information regarding goals for two years after receiving the subsidy or until the goals are achieved. The reports must be filed by March 1 for the prior year.

## **Section 27 Assessment Agreements**

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

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

## **Section 28 Modifications of the Tax Increment Financing Plan**

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

1. the only modification is elimination of parcels from the Project Area or the TIF District; and
2. the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the City agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

## **Section 29 Certification and Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the City must submit a copy of such plan to the State Auditor's Office and the Department of Revenue. The City must also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the City must submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City must also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County will distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

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

tax rates in subsequent years.

3. Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
  - a. the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;
  - b. the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
  - c. if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the Original Net Tax Capacity of the TIF District.

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

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

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

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

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the City's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the City and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the City.
3. Prepare a Minnesota Business Assistance Form. (116J.994) By April 1, the City must submit a report to the Department of Employment and Economic Development on wage and job goals and progress made in achieving them. A reporting form is provided by the Department, and must be submitted for each business which has received TIF assistance.

### **Section 31 Findings and Need for Tax Increment Financing**

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

1. The TIF District qualifies as an economic development district;  
See Section 12 of this document for the reasons and facts supporting this finding.



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

*The above finding is based communications and discussions with the Developer stating that without the use of tax increment financing the Project would not be constructed in the City of St. James. TIF assistance is required to reduce the cost of constructing necessary public improvements to serve the project and project area.*

- a. *The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is **\$500,000**.*
  - b. *If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately **\$7,630,000**. (See Exhibit 3)*
  - c. *The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to **\$853,214**. (See Exhibit 5)*
  - d. *Even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than the amount in clause "b" less the amount in clause "c" without tax increment assistance.*
3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the zoning of the property is guided for commercial development as a permitted use.
  4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

Exhibits

Map of Financing District and Project Area..... Exhibit 1

Parcels and Valuations..... Exhibit 2

Tax Increment Projections ..... Exhibit 3

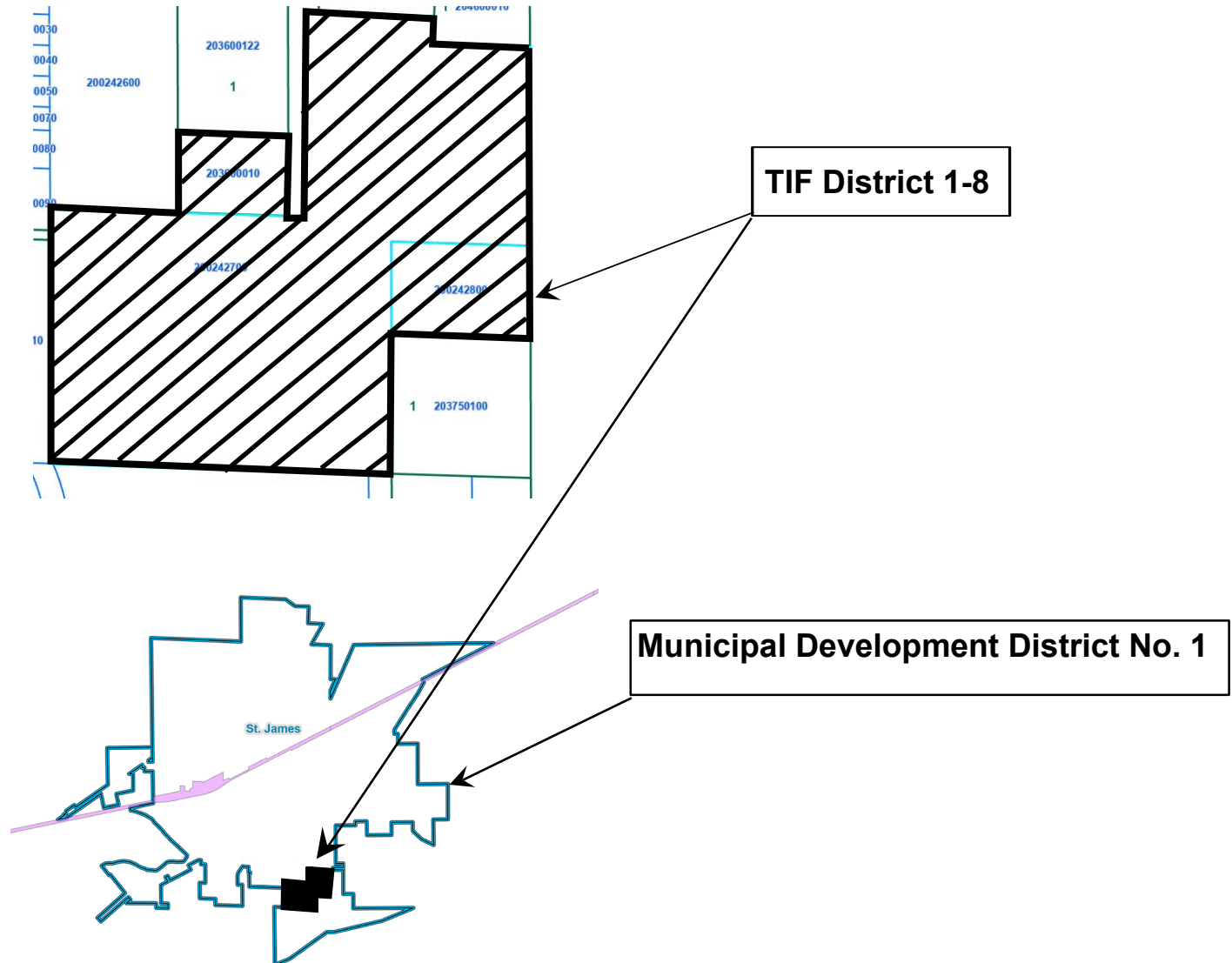
Statement of Fiscal and Economic Impacts ..... Exhibit 4

Market Value Analysis ..... Exhibit 5

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**City of St. James**  
**Tax Increment Financing District No. 1-8**



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

**City of Saint James, MN**  
**Tax Increment District No. 1-8**  
**Business Park Projects**

**PARCELS AND VALUATIONS**

PIN #	Owner	Land	2025/2026 Valuations	
			Building	Total M.V.
200242800	St James Vet MN Holdings, LLC	19,000	0	19,000
200242700	Thomas Mayberry	187,600	0	187,600
203600010	Thomas Mayberry	15,100	0	15,100
		221,700	0	221,700

**City of Saint James**  
**Tax Increment District No. 1-8**  
**Business Park Projects**

**TIF PROJECTIONS**

**Valuations & Projected Increases**

	Market Value	Tax Capacity
Original Values	221,700	4,434
Initial Development	630,000	14,550
Future Projects	7,000,000	140,000

**Tax Rate Assumptions:**

	Pay 2025 Tax Rate
City	55.202%
County	42.238%
School	15.417%
Other	0.137%
	<b>112.993%</b>

**Projected Tax Increment**

Payable Year	Original Tax Capacity	Projected Tax Capacity*	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate	Gross Tax Increment
2025	4,434	4,434	-	-	-		
2026	4,434	4,434	-	-	-	112.99%	-
2027	4,434	18,984	14,550	-	14,550	112.99%	<b>16,440</b>
2028	4,434	18,984	14,550	-	14,550	112.99%	<b>16,440</b>
2029	4,434	70,000	65,566	-	65,566	112.99%	<b>74,085</b>
2030	4,434	154,550	150,116	-	150,116	112.99%	<b>169,621</b>
2031	4,434	154,550	150,116	-	150,116	112.99%	<b>169,621</b>
2032	4,434	154,550	150,116	-	150,116	112.99%	<b>169,621</b>
2033	4,434	154,550	150,116	-	150,116	112.99%	<b>169,621</b>
2034	4,434	154,550	150,116	-	150,116	112.99%	<b>169,621</b>
2035	4,434	154,550	150,116	-	150,116	112.99%	<b>169,621</b>
							<b>1,124,689</b>

**Adjustments**

10.00% Admin. Retainage	0.36% State Auditor's Deduction	TOTAL NET REVENUES
-	-	-
1,644	59	<b>14,737</b>
1,644	59	<b>14,737</b>
7,408	267	<b>66,410</b>
16,962	611	<b>152,048</b>
16,962	611	<b>152,048</b>
16,962	611	<b>152,048</b>
16,962	611	<b>152,048</b>
16,962	611	<b>152,048</b>
16,962	611	<b>152,048</b>
16,962	611	<b>152,048</b>
112,469	4,049	<b>1,008,171</b>

**City of Saint James**  
**Tax Increment District No. 1-8**  
**Business Park Projects**

**STATEMENT OF FISCAL AND ECONOMIC IMPACTS**

Taxing Jurisdiction	Without TIF District		With TIF District					
	Pay 2025 Taxable Net Tax Capacity <sup>(1)</sup>	Original Local Tax Rate	Pay 2025 Taxable Net Tax Capacity <sup>(1)</sup>	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate
City of Saint James	7,744,274	55.202%	7,744,274	150,116	82,867	7,894,390	54.152%	1.050%
Watonwan County	30,277,615	42.238%	30,277,615	150,116	63,406	30,427,731	42.030%	0.208%
ISD #840	15,762,996	15.417%	15,762,996	150,116	23,143	15,913,112	15.271%	0.145%
Other <sup>(2)</sup>	--	0.137%	--	150,116	205	--	0.137%	--
Totals		<u>112.993%</u>			<u>169,621</u>		<u>111.589%</u>	<u>1.404%</u>

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

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

**Statement #3:** The estimated amount of tax increment generated over the life of the TIF District is estimated to be \$1,124,689.

**Statement #4:** A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated \$549,460 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

**Statement #5:** The estimated amount of increment attributed to the school districts' tax levies and captured as a result of the creation of this TIF District is \$153,450 for School District 840.

**Statement #6:** The estimated amount of increment attributed to the county tax levy and captured as a result of the creation of this TIF district is \$420,420.

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

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

## City of Saint James

### Tax Increment District No. 1-8 Business Park Projects

## MARKET VALUE ANALYSIS

Increased Market Value of Site	7,630,000
Less Present Value of TIF Revenues	<u>853,214</u>
	6,776,786
Reasonably expected increase w/out TIF	<u>500,000</u>
<b>Net Value Increase</b>	<b>6,276,786</b>

### Present Value Calculation

Calculation Date	5/1/2025
Present Value Factor	4.00%

#	Year	Gross Tax Increment	Present Value
0	2025	-	-
1	2026	-	-
2	2027	16,440	15,200
3	2028	16,440	14,616
4	2029	74,085	63,328
5	2030	169,621	139,416
6	2031	169,621	134,054
7	2032	169,621	128,898
8	2033	169,621	123,940
9	2034	169,621	119,173
10	2035	169,621	114,590
		<u>1,124,689</u>	<u>853,214</u>

June 3, 2025

**ITEM:** Licenses and Permits – Special Event Permit: Fox 9 Town Ball

---

**BACKGROUND:** A special event application has been submitted to request a special event permit.

**Event Name:** Fox 9 Town Ball

**Date and Time:** Wednesday, June 4, 2025 – all day

**Location:** 3<sup>rd</sup> Street South – entrance of Veterans Field

**Type of Event:** Showcase

**Purpose of Event:** Community Celebration

**Anticipated Attendance:** 300+

**Contact Person:** Jon Wilson

**Event Description:** Fox 9 News will be showcasing our community. Town Ball Wednesday will be aired throughout the day, on the morning news, and aired live during the 5:00 PM and 6:00 PM news from Veterans Field.

**Parking Plan:** Veterans Field has ample parking space in the Catholic Church lot. Additional parking will be blocked off for Fox 9 officials.

**Street Closure:** A portion of 3<sup>rd</sup> Street South from 7<sup>th</sup> Avenue South to 8<sup>th</sup> Avenue South, directly impacting the entrance to Veterans Field.

**Equipment Request:** Barricades for street closure.

**STAFF RECOMMENDATION:** Approve/Deny Permit.

June 3, 2025

**ITEM:** Licenses and Permits – Special Event Permit: Farmers Market

---

**BACKGROUND:** A special event application has been submitted to request a special event permit.

**Event Name:** St. James Farmers Market

**Date and Time:** Wednesdays, June 4, 2025, through October 29, 2025 – 3:00 to 6:00 PM

**Location:** Memorial Park – southside; northside on June 11, June 25, July 9, and July 23

**Type of Event:** Vendor Market

**Purpose of Event:** Community-focused space supporting local agriculture

**Anticipated Attendance:** 100+

**Contact Person:** Joshua Worlds, Chamber/CVB Executive Director

**Event Description:** St. James Farmers Market is a seasonal, open-air market that connects local farmers, growers, producers, and artisans directly with the community. Held weekly throughout the growing season, the market offers a vibrant mix of fresh fruits and vegetables, baked goods, eggs, handmade crafts, and more.

**Parking Plan:** Memorial Park provides ample parking.

**Street Closure:** N/A

**Equipment Request:** Barricade up to 5 parking spaces.

**STAFF RECOMMENDATION:** Approve/Deny Permit.

June 3, 2025

**ITEM:** Licenses and Permits – Special Event Permit: Music in the Park

---

**BACKGROUND:** A special event application has been submitted to request a special event permit.

**Event Name:** Music in the Park

**Date and Time:** Wednesdays, June 11, June 25, July 9 and July 23, 2025 – 6:00 PM

**Location:** Memorial Park Band Shelter

**Type of Event:** Concert

**Purpose of Event:** Entertainment

**Anticipated Attendance:** 50-100

**Contact Person:** Tammy Stevens, City of St. James and Shirley Coleman, Watonwan County Library

**Event Description:** Music in the Park is a concert series focusing on bringing the community together through free, live outdoor music performances that celebrate musical talent, foster social connection, and enhance the cultural vibrancy of our public spaces. By offering accessible entertainment in a relaxed, family-friendly setting, the series encourages community engagement, supports artists, and promotes the use of city parks as welcoming gathering spaces for all.

**Parking Plan:** Memorial Park provides ample parking.

**Street Closure:** N/A

**Equipment Request:** Bench and picnic table setup.

**STAFF RECOMMENDATION:** Approve/Deny Permit.



June 3, 2025

**ITEM:** Licenses and Permits – Special Event Permit: Railroad Days

---

**BACKGROUND:** A special event application has been submitted to request a special event permit.

**Event Name:** Railroad Days

**Date and Time:** June 16-22, 2025

**Location:** Various

**Type of Event:** Festival

**Purpose of Event:** Community celebration

**Anticipated Attendance:** 1,000+

**Contact Person:** Tracy Hurley and Joe McCabe

**Event Description:** Railroad Days is a community festival to celebrate the history, people, and spirit of our community through a fun, inclusive, and family-friendly event. This festival brings together residents, businesses, and organizations to celebrate local traditions and achievements while fostering pride, connection, and a shared sense of belonging. Through food, music, art, activities, and entertainment, the festival strengthens community ties, supports local vendors, and creates joyful memories that reflect the heart of our community. The festival includes corn hole games, golf tournament, book sale, pork chop supper, soccer, car show, food trucks, model train roundhouse tours, fire truck rides, parade, beer garden, etc.

**Parking Plan:**

**Street Closure:** Car Show – 1<sup>st</sup> Avenue South between Armstrong Blvd and 5<sup>th</sup> Street South. Parade – Starting at 10<sup>th</sup> Avenue South/Armstrong Blvd corner, ending at 1<sup>st</sup> Street South/10<sup>th</sup> Avenue South at Memorial Park.

**Equipment Request:** Barricade, road closure signs, no parking signs, cones, garbage cans, and picnic tables.

**STAFF RECOMMENDATION:** Approve/Deny Permit.

June 3, 2025

**ITEM:** Licenses and Permits – Special Event Permit: Fireworks

---

**BACKGROUND:** A special event application has been submitted to request a special event permit.

**Event Name:** 4<sup>th</sup> of July Fireworks

**Date and Time:** Friday, July 4, 2025 – 10:00 PM

**Location:** Memorial Park

**Type of Event:** Fireworks display

**Purpose of Event:** Entertainment

**Anticipated Attendance:** 500+

**Contact Person:** Joshua Worlds, Chamber/CVB Executive Director

**Event Description:** The fireworks display is to celebrate community, celebrate Independence Day, and provide an opportunity for residents and visitors to come together in a shared experience of entertainment and celebration. The event fosters a sense of pride, tradition, and togetherness while offering a safe, organized, and memorable evening for individuals and families of all ages.

**Parking Plan:** Off-street parking and surrounding parking lots; volunteer support to direct traffic.

**Street Closure:** Levee Blvd

**Equipment Request:** Barricades for street closure and garbage cans.

**STAFF RECOMMENDATION:** Approve/Deny Permit.

June 3, 2025

**ITEM:** New Business – Resolution 06.25.01: Approving the Establishment of Tax Financing District No. 1-8, and Adoption of the Tax Increment Financing Plan Relating Thereto

---

**BACKGROUND:** The attached resolution approves the establishment of the Tax Increment Financing District No. 1-8 for the 12<sup>th</sup> Avenue South Highway District Expansion. The resolution also adopts the Tax Increment Financing Plan and approves the Development Agreement with BMP Investments LLC.

**STAFF RECOMMENDATION:** Approve/Deny Resolution.

**EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY  
OF ST. JAMES, MINNESOTA**

HELD: June 3, 2025

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of St. James, Watonwan County, Minnesota, was duly called and held on the 3rd day of June, 2025, at 5:30 p.m.

The following members of the Council were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION NO. 06.25.01**

**APPROVING THE ESTABLISHMENT OF  
TAX INCREMENT FINANCING DISTRICT NO. 1-8 THEREIN, AND ADOPTION OF THE  
TAX INCREMENT FINANCING PLAN RELATING THERETO**

WHEREAS:

- A. It has been proposed that the City of St. James, Minnesota (the "City"), to establish Tax Increment Financing District No. 1-8 and adopt a tax increment financing plan relating thereto, under the provisions of Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.1794 (collectively, the "Act"); and
- B. The City of St. James has investigated the facts and has caused to be prepared a tax increment financing plan for Tax Increment Financing District No. 1-8; and
- C. The City has performed all actions required by law to be performed prior to the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Watonwan County and St. James Independent School District #840, having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-8, and the holding of a public hearing upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of St. James as follows:

1. Tax Increment Financing District No. 1-8. The City hereby approves the establishment of Tax Increment Financing District No. 1-8 within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-8, and the City Council makes the following findings:

- (a) Tax Increment Financing District No. 1-8 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan meets all of the criteria listed in Sections 12 of the Plan.

- (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. 1-8 permitted by the Tax Increment Financing Plan.

The reasons and supporting facts for this finding are that the Developer has stated that without the use of tax increment financing the Project would not be constructed in the City of St. James. TIF assistance is required to reduce the cost of constructing necessary public improvements to serve the project and project area.

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 indicates that:

1. the increase in estimated market value of the proposed developments is \$7,630,000;
2. the present value of expected tax increments collected over the maximum duration of the TIF District is \$853,214; and
3. the expected increased estimated market value of the site without the use of tax increment is \$500,000; 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 \$6,776,786 (the amount in number 1 less the amount in number 2).

- (c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-8 conforms to the general plan for development or redevelopment of the City of St. James as a whole.

The reasons and facts supporting this finding are that Planning Commission has determined that the 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 St. James as a whole, for the development or redevelopment of Tax Increment Financing District No. 1-8 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 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 4.0%. (This interest rate is the greater of the rates specified under Minnesota Statutes 270C.40 and 549.09.)

5. Certification. The Auditor of Watonwan County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-8 within Municipal Development District No. 1 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 is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Tax Increment District No. 1-8 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Filing. The City Clerk is further authorized and directed to file a copy of the Tax Increment Financing Plan with and the Commissioner of Revenue and Office of the State Auditor.
7. Authorization for Execution of Development Agreement. The Mayor and City Manager are hereby authorized to execute an agreement for the provision of tax increment financing assistance to BMP Investments, LLC.

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

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF WATONWAN  
CITY OF ST. JAMES

I, the undersigned, being the duly qualified and acting Clerk of the City of St. James, Minnesota, DO  
HEREBY CERTIFY that, I have compared the attached and foregoing extract of minutes with the original  
thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a  
meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such  
minutes relate to the establishment of Tax Increment Financing District No. 1-8 in the City.

WITNESS my hand this 3<sup>rd</sup> day of June, 2025.

---

City Clerk

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF ST. JAMES, MINNESOTA

AND

BMP INVESTMENTS LLC

This document drafted by:

TAFT STETTINIUS & HOLLISTER LLP  
2200 IDS Center  
80 South 8<sup>th</sup> Street  
Minneapolis, Minnesota 55402



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## DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 3<sup>rd</sup> day of June, 2025, by and between the City of St. James, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and BMP Investments LLC, a Minnesota limited liability company (the "Developer"),

WITNESSETH:

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

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing (Economic Development) District No. 8 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Tax Increment District and the Development District; and

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

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

WHEREAS, other than certain reporting requirements, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because the assistance given to the Developer under this Agreement is a business subsidy of less than \$150,000.

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

## ARTICLE I

### DEFINITIONS

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

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

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

City means the City of St. James, Minnesota;

County means Watonwan County, Minnesota;

Developer means BMP Investments LLC, a Minnesota limited liability company, its successors and assigns;

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

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

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

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

Note Payment Date means August 1, 2027, and each February 1 and August 1 thereafter to and including February 1, 2036; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

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

Project means the construction of no more than 15,000 square foot commercial development including a car wash, pet wash, and laundromat, to be constructed by the Developer on the Development Property located in the City;

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

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

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

Tax Increment District means Tax Increment Financing (Economic Development) District No. 8 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on June 3, 2025, and any future amendments thereto;

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

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

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

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

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

(2) The City is home rule charter city that has a population of 5,000 or less and is located ten miles or more from any home rule charter or statutory city, located in the State, with a population of 10,000 or more.

(3) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

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

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

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

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

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

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

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

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

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

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

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

(8) The construction of the Project shall commence on or before June 1, 2026 and barring Unavoidable Delays, the Project will be substantially completed by December 31, 2026.

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

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

## ARTICLE III

### UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Development Property and Site Improvements. The parties agree that the acquisition of the Development Property and the Site Improvements to be constructed by the Developer are essential to the successful completion of the Project. The costs of the acquisition of the Development Property and the construction of the Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (A) \$107,114, or (B) the actual costs of the acquisition of the Development Property and the cost of the construction of the Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount") as further provided in Section 3.3.

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

Section 3.3 Reimbursement: TIF Note. The City shall reimburse for the costs identified in Section 3.1 through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have (A) demonstrated in writing to the reasonable satisfaction of the Authority and the City that the construction of the Project has been completed and paid the costs of the construction of the Site Improvements and the acquisition of the Development Property, as described in and limited by Section 3.1; and (B) shall have submitted paid invoices for the costs of the construction of the Site Improvements and a settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

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

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

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

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

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4 DEED Reports. The Developer shall provide the City with information about the Project as requested by the City so that the City can satisfy the reporting requirements of Minnesota Statutes, Section 116J.994, Subd. 8.

Section 3.5 Prohibition Against Transfer of Project and Assignment of Agreement. The Developer represents and agrees that prior to the termination date of this Agreement the Developer shall not transfer the Project or any part thereof or any interest therein, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

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

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

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



## ARTICLE IV

### EVENTS OF DEFAULT

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

(1) Failure by the Developer to timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property when due and payable.

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

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

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

(5) If the Developer shall:

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

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

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

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

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

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

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

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

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

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

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

Section 4.6 Indemnification of City.

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

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

this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an "economic development district" under Section 469.174, Subdivision 12, of the Act and Section 469.176, Subdivision 4c. or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

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

## ARTICLE V

### DEVELOPER'S OPTION TO TERMINATE AGREEMENT

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

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

Section 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.3, or to make any further payments on the TIF Note.

## ARTICLE VI

### ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. Until the final Note Payment Date, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that (i) the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a commercial facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement, and (ii) it will not expand the Project to a size greater than 15,000 square feet.

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

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

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

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

BMP Invenstments LLC  
Attention: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

City of St. James, Minnesota  
Attention: City Clerk-Treasurer  
1205 6th Avenue S.  
P.O. Box 70  
St. James, MN 56081

with a copy to:

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

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

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

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

Section 6.7 Expiration. This Agreement shall expire on the earlier of (i) February 1, 2036, (ii) the date the TIF Note is paid in full or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

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

Section 6.9 Assignability of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note and shall not be unreasonably withheld.

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

CITY OF ST. JAMES, MINNESOTA

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

By \_\_\_\_\_  
Its City Clerk-Treasurer

This is a signature page to the Development Agreement by and between the City of St. James and BMP Investments LLC.

BMP INVESTMENTS LLC

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Its

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Its

This is a signature page to the Development Agreement by and between the City of St. James and BMP Investments LLC.



EXHIBIT A  
DESCRIPTION OF DEVELOPMENT PROPERTY

Parcel ID: 200242800

EXHIBIT B

FORM OF TIF NOTE

No. R-1

\$107,114

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF WATONWAN  
CITY OF ST. JAMES

TAX INCREMENT REVENUE NOTE  
(BMP INVESTMENTS LLC PROJECT)

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

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$107,114 as provided in that certain Development Agreement, dated as of June 3, 2025 as the same may be amended from time to time (the "TIF Agreement"), by and between the City and the Developer. This Note bears no interest.

The amounts due under this Note shall be payable on August 1, 2027, and on each February 1 and August 1 thereafter to and including February 1, 2036, or, if the first should not be a Business Day (as defined in the TIF Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six (6) month period preceding such Payment Date. All payments made by the City under this Note shall be applied to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of the tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing (Economic Development) District No. 8 (the "Tax Increment District") within its Municipal Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the TIF Agreement under Section 4.2(2) thereof or the Developer shall have terminated the TIF Agreement under Article V thereof, on the date the Tax Increment District is terminated,

or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

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

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

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

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

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

This Note is subject to prepayment in immediately available funds on any date at the option of the City, in whole or in part and without penalty.

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

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

\_\_\_\_\_  
City Clerk-Treasurer

\_\_\_\_\_  
Mayor

**DO NOT EXECUTE UNTIL PAID INVOICES, A SETTLEMENT STATEMENT OR OTHER EVIDENCE OF PAYMENT FOR ACQUISITION OF THE DEVELOPMENT PROPERTY AND PAID INVOICES FOR SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).**

## CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on \_\_\_\_\_, 20\_\_, was on said date registered in the name of BMP Investments LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF  
REGISTERED OWNER

DATE OF  
REGISTRATION

SIGNATURE OF  
CITY CLERK-TREASURER

BMP Investments LLC

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## EXHIBIT C

### SITE IMPROVEMENTS

Landscaping, including irrigation  
Foundations and Footings  
Grading/earthwork  
Engineering  
Survey  
Environmental Testing  
Soil Borings  
Site Preparation  
Onsite Utilities  
Storm Water/Ponding  
Outdoor Lighting  
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements  
Parking  
Special Assessments relating to the public improvements being constructed in connection with the Project

June 3, 2025

**ITEM:** New Business – Resolution 06.25.02: Ordering Preparation of Report on Improvement for 12<sup>th</sup> Avenue South Highway District Expansion

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**BACKGROUND:** The attached resolution orders the preparation of a report to determine if the proposed 12<sup>th</sup> Avenue South Highway District Expansion improvement is necessary, cost-effective, and feasible.

**STAFF RECOMMENDATION:** Approve/Deny Resolution.

**State of Minnesota  
County of Watonwan**

**RESOLUTION NO. 06.25.02**

**RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT  
FOR 12<sup>TH</sup> AVENUE SOUTH HIGHWAY DISTRICT EXPANSION**

**WHEREAS**, it is proposed to construct 12<sup>th</sup> Avenue South between 7<sup>th</sup> Street South and 11<sup>th</sup> Street South (TH 4); and

**WHEREAS**, such improvements may include sanitary sewer, watermain, storm sewer, street, sidewalk, pond and lot grading, turn lane construction on 11<sup>th</sup> Street South (TH 4), turf establishment/erosion control, and other related improvements; and

**WHEREAS**, it is proposed to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Chapter 429.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ST. JAMES, WATONWAN COUNTY, MINNESOTA**, as follows:

That the proposed improvements, called 12<sup>th</sup> Avenue South Highway District Expansion be referred to the City Engineer for study and that the person is instructed to report to the City 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 City Council this 3<sup>rd</sup> day of June 2025.

\_\_\_\_\_  
Christopher Whitehead, Mayor

ATTEST:

\_\_\_\_\_  
Kristin K. Hurley, City Clerk-Treasurer

Published: \_\_\_\_\_

Filed: \_\_\_\_\_

Effective Date: June 3, 2025



June 3, 2025

**ITEM:** New Business – Resolution 06.25.03: Accepting Financial Gift from the Fraternal Order of Eagles #3420

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**BACKGROUND:** The attached resolution accepts the financial donation from the Fraternal Order of Eagles #3420 in the amount of \$1,000.00 towards the fireworks.

**STAFF RECOMMENDATION:** Approve/Deny Resolution.

RESOLUTION NO.: 06.25.03

**State of Minnesota  
County of Watonwan**

**RESOLUTION NO. 06.25.03**

**RESOLUTION ACCEPTING FINANCIAL GIFT FROM THE  
FRATERNAL ORDER OF EAGLES #3420**

**WHEREAS**, the Fraternal Order of Eagles #3420 has offered financial support for fireworks and to the citizens of St. James.

**NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF ST. JAMES, WATONWAN COUNTY, MINNESOTA** that the City hereby accepts the financial gift of \$1,000.00 from the Fraternal Order of Eagles #3420 for the expressed purpose of contributing to fireworks and for residents of the City of St. James.

Adopted by the City Council this 3<sup>rd</sup> day of June 2025.

\_\_\_\_\_  
Christopher Whitehead, Mayor

ATTEST:

\_\_\_\_\_  
Kristin K. Hurley, City Clerk

Filed: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: June 3, 2025

June 3, 2025

**ITEM:** New Business – New Hire: Preston Mix, Police Officer

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**BACKGROUND:** Preston Mix has completed the hiring process for the police department for the position of full-time police officer. His start date is slated for Monday, June 9, 2025. His rate of pay has been set to \$30.90/Step 3 in accordance with the approved 2025 police wage scale.

**STAFF RECOMMENDATION:** Approve/Deny New Hire.