

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF THE
CITY OF VERGAS, MINNESOTA

Pursuant to due call and notice thereof a regular meeting of the City Council of the City of Vergas, Otter Tail County, Minnesota, was held in the City Hall in the City on August 11, 2025, at 6:30 o'clock p.m.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

**RESOLUTION RELATING TO PROPERTY TAX ABATEMENT FOR PUBLIC
INFRASTRUCTURE AND PARKING LOT PROJECTS; GRANTING THE ABATEMENT**

BE IT RESOLVED by the City Council (the “Council”) of the City of Vergas, Otter Tail County, Minnesota (the “City”), as follows:

Section 1. Authorization and Recitals.

1.01. The City, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the “Act”) is authorized to grant an abatement of certain property taxes levied against net tax capacity imposed by the City on parcels of property by the adoption of a resolution specifying the terms of the abatement.

1.02. The City intends to undertake the construction of public infrastructure improvements including utility and parking lot improvements in the City’s downtown area (the “Improvements”) and benefiting certain property within the City boundaries identified on EXHIBIT A attached hereto (the “Property”).

1.03. The City has proposed to finance the Improvements by granting an abatement of the property taxes imposed by the City on the Property (the “Proposed Property Tax Abatement”), and by issuing bonds to provide an amount equal to the sum of said Proposed Property Tax Abatement.

1.04. Pursuant to the Act, this Council on August 11, 2025, conducted a public hearing on the desirability of granting the Proposed Property Tax Abatement. Notice of the public hearing was duly published as required by law in a newspaper of general interest and readership in the City at least ten days but less than thirty days prior to the date of the public hearing. The form of said Notice and the publication of said Notice prior to the date of adoption of this resolution is ratified and confirmed in all respects.

Section 2. Findings. On the basis of the information compiled by the City and elicited at the public hearing referred to in Section 1.04, it is hereby found, determined and declared:

2.01. The City expects that the benefits to the City associated with granting the Proposed Property Tax Abatement are at least equal to or exceed the associated costs to the City.

2.02. The granting of the Proposed Property Tax Abatement is in the public interest because it will finance and provide public infrastructure and help provide access to services for residents of the City.

2.03. The nature and extent of the public benefits which the City expects to result from the Proposed Property Tax Abatement are the construction of public infrastructure improvements, including utility and parking lot improvements in the City’s downtown area, which will enable City residents and visitors to have convenient and safe access to the City’s downtown area and improve the City’s stormwater infrastructure.

2.04. The Property is not located in a tax increment financing district.

2.05. The granting of the Proposed Abatement will not cause the aggregate amount of abatements granted by the City under the Act to exceed the greater of (i) ten percent (10%) of the City’s

net tax capacity for each taxes payable year to which the abatement applies, or (ii) \$200,000.

2.06. It is in the best interests of the City to grant the tax abatement authorized in this resolution.

Section 3. Granting of Tax Abatement.

3.01. A property tax abatement (the “Abatement”) is hereby granted in respect of property taxes levied by the City on the Property for ten (10) years, commencing with taxes payable in 2026 and concluding with taxes payable in 2035. The estimated total cost of the Abatement is \$150,000 over ten (10) years.

3.02. The City shall retain the Abatement and apply it to payment of all or a portion of the costs of acquiring or constructing the Improvements or to the payment of bonds of the City issued to finance costs of acquiring or constructing the Improvements, whether such bonds are issued pursuant to the Act, or other law, as authorized by Section 469.1815, Subdivision 2 of the Act.

3.03. In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the City under the Act and paid in that year, exceed the greater of ten percent (10%) of the City’s net tax capacity for that year or \$200,000 (the “Abatement Volume Cap”). The City may grant any other abatements permitted under the Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatements under this resolution.

3.04. The Abatement may not be modified or terminated by the Council during its term.

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

(The remainder of this page is intentionally left blank.)

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

and the following voted against:

whereupon the resolution was declared duly passed and adopted.

EXHIBIT A

PROPERTY ID NUMBERS

82000990068000
82000990072000
82000990063000
82000500012007
82000990062000
82000990054000

STATE OF MINNESOTA)
)
COUNTY OF OTTER TAIL) ss.
)
CITY OF VERGAS)

I, the undersigned, being the duly qualified and acting Clerk/Treasurer of the City of Vergas, Otter Tail, County, Minnesota (the “City”), hereby certify that I have carefully compared the attached and foregoing extract of minutes of a meeting of the City Council of the City held on the date specified above, with the original minutes on file in my office and the extract is a full, true, and correct copy of the minutes, insofar as they relate to authorizing a property tax abatement for parking lot projects, and granting the abatement.

WITNESS My hand as such Clerk/Treasurer this ____ day of August, 2025.

Clerk/Treasurer of the City Council,
City of Vergas, Minnesota