

City Council
2023 October Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, October 10, 2023

- 1. Call to Order**
- 2. Citizens' Concerns**
- 3. Agenda Additions and Deletions**
- 4. Approval of Consent Agenda**
 - A. Council Minutes of the September 12, September 13 and September 27, 2023
 - B. Bills paid between Council meetings and Council bills
 - C. Liquor Store bills for September 2023
 - D. Late water/sewer bills
 - E. 2023 Investment Schedule/Bond Schedule
 - F. General Fund Special Revenue Money Market Account
 - G. 2023 Statement of Receipts, Disbursements and Balances
 - H. American Rescue Plan Funding 2021-2026
 - I. LG230 Application to Conduct Off-Site Gambling-Oct 14, 2023 Turn in Poachers
 - J. Committee Reports - requiring no Council Action
 1. EDA/HRA
 2. Streets/Sidewalks/Yard Waste
 3. Event Center
- 5. Street Lighting**
- 6. Vergas 125th Celebration**
- 7. Government Services Building**
- 8. Committee Reports**
 - A. Water and Sewer Committee
 1. SCADA Systems
 2. Utility Billing Systems
 2. 2024 Water and Sewer Fees
 - B. Planning Commission
- 9. Staff Reports**
 - A. Liquor Store Manager Report
 - B. Clerk-Treasurer
 1. Gov Forms Processes
 - C. Utilities Superintendent Report
 1. Winter Maintenance Agreement
- 10. 2024 Budget**
 - A. 2024 Fee Schedule
 - B. 2024 Budget
- 11. Information & Announcements**

Trainings:

 - A. LMC, Safety and Loss Control Workshop, Peer Support Training, Cybersecurity Essentials, October 31, 2023 Fergus Falls, (Lammers, DuFrane, Engebretson)
 - B. Securing State & Federal Funding for your Community, Thursday, November 2, 2023 8:00 am. Thumper Pond Resort Ottertail Mn 56571

Events:

 - A. Streets/Sidewalks/Yard Waste public comment meeting regarding Sunset Strip, Wednesday, October 18, 2023 at 6:30 pm Council Chambers Vergas Event Center
- 12. Adjournment**

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 - 2. Streets/Sidewalks/Yard Waste
 - 3. Event Center

Files Attached

- 09-13-2023 Council Minutes.pdf
- 9 27 2023 Public Comment Notes.pdf
- 09-27-2023 Council Minutes.pdf
- 10.04.2023 City Bill Listing.pdf
- 10.10.2023 Claims List.pdf
- 2023 Liquor Store Bill Listing.pdf
- 10.2.2023 AgedBalance_10022023 (1).pdf
- 9.30.2023 Investment Schedule & Bond Schedule.pdf
- 9.30.2023 General Fund_Special Revenue Money Market Account Report.pdf
- 8.31.2023 West Central Initiative Fund Balances.svg.pdf
- 9.30.2023 Statement of Receipts, Disbursements and Balances.pdf
- American Rescue Plan Funding 2021-2026.pdf
- LG220 Application for Exempt Permit - CDH Vergas Fire Relief Assn.pdf
- 09-05-2023 EDA_HRA Agenda & Minutes.pdf
- 09-12-2023 Council Minutes.pdf

CITY OF VERGAS
EMERGENCY COUNCIL MINUTES
Vergas Event Center and Zoom
Wednesday, September 13 2023

The City Council of Vergas met at 4:00 pm, on Wednesday, September 13, 2023, at the Vergas Event Center for a hybrid emergency council meeting with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke and Natalie Fischer. Absent: Dean Haarstick . Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, City Engineers Jeff Kuhn and Blaine Green, Eric Ruther and Keith Bunkowske.

Call to Order

Mayor Julie Bruhn called the meeting to order.

Keilley Shores Third Addition Construction

Green reviewed the plans the City approved and the request which was denied at the Council meeting on September 12, 2023. Keith Bunkowske stated he attended the council meeting on August 8, 2023 after the discussion he assumed it was okay to move forward with his request to take 6 feet one section of a manhole off the sanitary sewer even though no vote was taken by the council regarding the issue. At the August 8, 2023 Council meeting Council asked Green to work with Bukowski's engineers to work out an agreement or have Lammers call a water and sewer committee meeting. A water and sewer meeting was held due to the engineers not being able to work out an agreement. The water and sewer committee recommended not allowing the change. The manhole has now been put in 6 feet short of the plans and Bunkowske stated it would cost around \$175,000 to dig and extend the manhole. Motion by Albright, seconded by Pinke to accept revisions as sent over by Moore Engineering. Voting yes: Pinke, Albright. Voting No: Fischer. Motion carried.

Adjournment

The business for which the meeting was called having been completed, the meeting was adjourned at 4:45 pm.

Vergas City Clerk-Treasurer
Julie Lammers, CMC

The City Council of Vergas met at 6:00 pm, on Wednesday, September 27, 2023, at the Vergas Event Center for a public comment session with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Dean Haarstick, Paul Pinke and Natalie Fischer. Absent: none. Also present: Clerk/Treasurer Julie Lammers, Ronola Richards, Carol Albright, Jill Hoffman, Nicole Weldon, Felicia Singer, Kathy Wonters, Kevin Zitzow, John Benney, Vanessa Perry, Tony Boyd, Maria Shomento, Meryl Kvam, Rebecca Hasse, Ron Franklin and JoAnne Knuttila.

Julie Lammers presented a power point on the City of Vergas purchase of 123 & 131 E Main Street.
After presentation the following comments made by public:

What are the estimates for adding on to/remodeling the VEC? Estimated 8 years ago.

What is the SQ footage of the new building?

Grow the VEC, more space, more marketable.

Buying a new building for city employees. The City Office open more hours to be conducive to the residents' work schedules.

Estimate for remodel of VEC in the past. Revisit past data & compare current costs.

What is the SQ footage of the new building?

Pricing for installing an elevator to utilize the upstairs area.

For \$500 /month, all of the offices & the council chambers could be on the upper level of the municipal building. 1/3 of the downtown main street block will be owned by the City.

Future assessments - future costs.

A new retailer is concerned about retail space being used for city office space instead.

Why were fees spent prior to the meeting?

Was the special council meeting an open or closed meeting? Open. Meeting closed for the duration of discussion of finances.
Posted as required in 3 places around town prior.

Was something sent out to notify the residents?

Is there a policy in place for spending/cap for spending before it goes out to the city residents to vote?

The view of downtown from upstairs in the Municipal Bldg. could be beneficial.

Cameras everywhere.

Skewed data offered. Why weren't all the committee members given a list of pro's and con's/ info provided to consider a well thought out outcome.

Concern with making everything compliant - PO doors need to be replaced as they are too heavy. Buttons installed to be easily opened. Currently needs an extensive amount of force to open doors. Why didn't prior remodels include a LS ramp? Handicap access @ Municipal Bldg. Why are City offices open/closed as they are?

Why isn't the City Office open @ 8am when customers are able to come in before work. The City Maintenance Staff could supply support for the City office because they sit around in their trucks. Not that much grass to mow.

The City is not ready for expansion.

Zoom unavailable for this meeting. Communication should have been sent out - Zoom id should not have been available.

Someone stated he does it (Zoom) every day & could facilitate it on his phone. He could get his camera & USB.

Who authorized the purchase?

Not everyone had all the information.

Who is on the municipal building committee?

Purchase price? Contractual agreement? Safety guard in place for residents before decisions are made.

Were notices sent to inform?

“Water Issue” was mentioned (uncertain what that was referring to).

Core values. Caring, common courtesy.

Better notification for all issues - go door to door with notes left at each residence. Volunteers would gladly help with this if it didn't conflict with personal responsibilities.

Posted on the LS electronic sign because it's easier to read.

Do we need to sign up to get notified?

Notes on doors for dogs & cats but not for the water.

I didn't get a note about the cat.

Do more than what you HAVE to do. Bare minimum info.

Post big sign in the LS.

10 years ago it was a "community". Now it is 2 communities - The City Office & The community.

Nuisance letters for campers & mowing, nothing said to the railroad track blowing their horn.

Where do we go from here? Go forward from here?

Public not informed. Informed consent.

What are the options available after further council discussion?

Prior councils have involved city resident input before spending large amounts of money.

Did you HAVE to buy it?

Was there another buyer? Would they benefit the community? Not high bidder, city over bid. (?)

CITY OF VERGAS
SPECIAL COUNCIL MINUTES
Vergas Event Center and Zoom
Wednesday, September 27, 2023

The City Council of Vergas met at 7:30 pm, on Wednesday, September 27, 2023, at the Vergas Event Center for a hybrid emergency council meeting with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke and Natalie Fischer. Absent: Dean Haarstick . Also present: Clerk/Treasurer Julie Lammers, Carol Albright, Jill Hoffman, Nicole Weldon, Felicia Singer, Kathy Wonters, Kevin Zitzow, Vanessa Perry, Rebecca Hasse and JoAnne Knuttila. On zoom Josheph's IPad and Amber's Galaxy.

Call to Order

Mayor Julie Bruhn called the meeting to order.

123 & 131 E Main Street

Motion by Pinke, seconded by Fischer to continue with the purchase of 123 & 131 E Main Street.
Motion passed unanimously.

Motion by Pinke, seconded by Haarstick to approve Resolution 2023-012 approving Clerk-Treasurer to sign documents relating to the purchase of 123 & 131 E Main Street (complete copy of resolution located at the city office). Motion passed unanimously.

Adjournment

The business for which the meeting was called having been completed, the meeting was adjourned at 7:45 pm.

Vergas City Clerk-Treasurer
Julie Lammers, CMC

CITY OF VERGAS

Bill Listing for September 14 to October 4, 2023

<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
Arvig Communications	All Depts., Fax, Internet, Security	500.32
City of Vergas	Payroll	5,178.27
Colonial Life	Employee reimbursed insurance	87.18
Internal Revenue Services	2023 Withholding Tax	4,550.74
Lake Region Electric	Sign, electricity	43.24
Lammers, Julie	Training, expense	123.14
London, Danita	Event, Deposit Returned	75.00
Marco Inc	All Depts, Copier Contract	193.66
MN Dept. of Health	Water, connection fee	410.00
MN Dept. of Revenue	Sales Tax	91.00
MN Dept. Revenue	2023 Withholding Tax	746.71
MN Title & Closing Company	Government Services Building	193,779.48
Public Employees Retirement Assoc.	Payroll	3,017.25
Total for bills paid between Council Meetings		<u>\$208,795.99</u>

Date Range : 9/9/2023 To 10/10/2023

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
10/10/2023	Aramark	Event, rugs Inv 2520265360, 2520267350, 2520274309	24149	\$316.89			
					609-49751-210-	Liquor Store - Manager - Off-Sale	\$316.89
10/10/2023	Blue Cross Blue Shield of Minnesota	Employees Health Insurance Premium, Oct 2023	24150	\$3,489.62			
					100-41405-131-	Clerk	\$221.46
					601-49440-131-	Water Utilities - Administration and General	\$442.94
					602-49490-131-	Sewer Utilities - Administration and General	\$442.94
					100-43110-131-	Highways, Streets & Roadways	\$332.21
					100-45210-131-	Parks	\$332.21
					609-49751-131-	Liquor Store - Manager - Off-Sale	\$1,717.86
10/10/2023	Core & Main LP	Water and Sewer, register only for mccrometer 6" ML03 Mtr gallons	24151	\$446.34			
					601-49440-220-	Water Utilities - Administration and General	\$223.17
					602-49490-220-	Sewer Utilities - Administration and General	\$223.17
10/10/2023	Vergas City	Governement Service Building, water and sewer	24152	\$54.69			
					100-41010-380-	GENERAL GOVERNMENT	\$54.69
10/10/2023	Corporate Technologies, LLC	All Depts, Technology Inv #102487, 102777, 103427, 105936, 106062, 106578	24153	\$982.40			
					100-41010-200-	GENERAL GOVERNMENT	\$982.40
10/10/2023	Colonial Life	Employee, insurance employee reimbursed Nov 2023	24154	\$182.24			

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					100-41405-999-	Clerk	\$58.12
					609-49751-999-	Liquor Store - Manager - Off-Sale	\$124.12
10/10/2023	Matthew Engebretson	St, Pk, reimbursed cell phone	24155	\$25.00			
					100-43110-321-	Highways, Streets & Roadways	\$12.50
					100-45210-321-	Parks	\$12.50
10/10/2023	Michael DuFrane	Cell phone, reimbursed, rodent control	24156	\$116.77			
					100-43110-321-	Highways, Streets & Roadways	\$18.75
					100-45210-321-	Parks	\$18.75
					601-49440-321-	Water Utilities - Administration and General	\$18.75
					602-49490-321-	Sewer Utilities - Administration and General	\$18.75
					100-43010-210-	City Shop	\$41.77
10/10/2023	Frazee-Vergas Forum	Gg, legal ads	24157	\$2,377.22			
					100-41010-350-	GENERAL GOVERNMENT	\$2,221.40
					100-41010-350-	GENERAL GOVERNMENT	\$38.22
					100-41010-350-	GENERAL GOVERNMENT	\$117.60
10/10/2023	Elan Financial Services	GG, programs, Clerk, Education Streets, office supplies	24158	\$338.18			
					100-41010-200-	GENERAL GOVERNMENT	\$8.00
					100-41010-200-	GENERAL GOVERNMENT	\$21.46
					100-41405-331-	Clerk	\$263.90
					100-43110-200-	Highways, Streets & Roadways	\$44.82
10/10/2023	Flow Measurement and Control	WW, Refurb Water Specialties ML03 6 inch prop meter.	24159	\$800.00			
					602-49490-400-	Sewer Utilities - Administration and General	\$800.00
10/10/2023	Gopher State One Call	Wtr, Swr, Locates	24160	\$8.10			
					602-49490-210-	Sewer Utilities - Administration and General	\$4.05
					601-49440-210-	Water Utilities - Administration and General	\$4.05

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10/10/2023	J.P. Cooke Company	2024 Cat and Dog Tags	24161	\$77.05	100-42010-210-	PUBLIC SAFETY	\$77.05
10/10/2023	L & M Supply, Inc.	Street, operating supply	24162	\$42.99	100-43110-220-	Highways, Streets & Roadways	\$42.99
10/10/2023	Lakes Community Cooperative	Parks & Streets, operating fuel	24163	\$280.10	100-43110-210- 100-45210-210-	Highways, Streets & Roadways Parks	\$221.03 \$59.07
10/10/2023	Leighton Broadcasting	Event, 2023 advertising	24164	\$350.00	100-45110-340-	EVENT CENTER	\$350.00
10/10/2023	League of MN Cities Insurance Trust	All Departments, Insurance	24165	\$30,940.00	100-41010-360- 100-42210-360- 100-43010-360- 100-43110-360- 100-45110-360- 100-45210-360- 601-49440-360- 602-49490-360- 609-49751-360- 609-49751-360-	GENERAL GOVERNMENT Fire Administration City Shop Highways, Streets & Roadways EVENT CENTER Parks Water Utilities - Administration and General Sewer Utilities - Administration and General Liquor Store - Manager - Off-Sale Liquor Store - Manager - Off-Sale	\$2,841.00 \$7,192.00 \$929.00 \$6,963.00 \$3,717.00 \$2,093.00 \$2,474.00 \$60.00 \$3,741.00 \$930.00
10/10/2023	Madison National Life Ins Co, Inc	Employee short term Insurance (Oct - Dec)	24166	\$211.83	100-45210-130- 601-49440-130- 602-49490-130- 100-41405-130- 100-49751-130- 100-43110-130-	Parks Water Utilities - Administration and General Sewer Utilities - Administration and General Clerk Liquor Store - Manager - Off-Sale Highways, Streets & Roadways	\$26.91 \$26.91 \$26.90 \$17.28 \$86.92 \$26.91

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10/10/2023	Olson Oil Co.	Park & St, operating supplies	24167	\$243.26			
					100-43110-210-	Highways, Streets & Roadways	\$76.14
					100-45210-210-	Parks	\$167.12
10/10/2023	Shelby Olson	Water and Sewer, refund late fees due to meter id's being mixed up	24168	\$401.21			
					601-49440-999-	Water Utilities - Administration and General	\$201.10
					602-49490-999-	Sewer Utilities - Administration and General	\$200.11
10/10/2023	OtterTail Lakes Country Tour Assn	GG, Membership	24169	\$2,000.00			
					100-41010-345-	GENERAL GOVERNMENT	\$2,000.00
10/10/2023	Otter Tail County Auditor-Treasurer	2023, 2nd half of taxes	24170	\$1,735.78			
					100-43010-440-	City Shop	\$461.27
					100-45210-440-	Parks	\$434.24
					602-49490-440-	Sewer Utilities - Administration and General	\$204.13
					100-45110-440-	EVENT CENTER	\$213.45
					609-49751-999-	Liquor Store - Manager - Off-Sale	\$422.69
10/10/2023	Otter Tail Power Company	All depts, utility	24171	\$1,849.58			
					100-43010-380-	City Shop	\$96.32
					602-49490-380-	Sewer Utilities - Administration and General	\$262.93
					100-43160-380-	Street Lighting	\$665.18
					100-45110-380-	EVENT CENTER	\$311.52
					100-45210-380-	Parks	\$204.75
					601-49440-380-	Water Utilities - Administration and General	\$265.17
					100-43010-380-	City Shop	\$43.71
10/10/2023	Productive Alternatives, Inc.	Event Center, Cleaning Inv#75076, 75257	24172	\$205.66			
					100-45110-300-	EVENT CENTER	\$205.66

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10/10/2023	RMB Environmental Laboratories, Inc	WW, 2023 Chemicals Inv.51184	24173	\$451.49	602-49490-218-	Sewer Utilities - Administration and General	\$451.49
10/10/2023	Julie Lammers	Clerk, Reimbursed cell phone	24174	\$75.00	100-41405-321- 601-49440-321- 602-49490-321-	Clerk Water Utilities - Administration and General Sewer Utilities - Administration and General	\$25.00 \$25.00 \$25.00
10/10/2023	Kyle Theisen	LS, cell phone	24175	\$25.00	609-49751-321-	Liquor Store - Manager - Off-Sale	\$25.00
10/10/2023	Sign Solutions	St, signs	24176	\$193.47	100-43110-210-	Highways, Streets & Roadways	\$193.47
10/10/2023	Steve's Sanitation, Inc.	Park, Event garbage	24177	\$452.02	100-45110-384- 100-45210-384-	EVENT CENTER Parks	\$189.60 \$262.42
10/10/2023	Swansons Repair Inc	Parks & St, truck repairs	24178	\$63.77	100-43110-400- 100-45210-400-	Highways, Streets & Roadways Parks	\$31.88 \$31.89
10/10/2023	Summers Construction	Event, repair posts	24179	\$368.37	100-45110-400-	EVENT CENTER	\$368.37
10/10/2023	Verizon	Event, cell phone	24180	\$41.20	100-45110-321-	EVENT CENTER	\$41.20
10/10/2023	Vergas Hardware	LS, supplies	24181	\$156.76	100-45210-210- 601-49440-210- 100-43010-210- 100-43110-210-	Parks Water Utilities - Administration and General City Shop Highways, Streets & Roadways	\$69.33 \$23.26 \$46.24 \$17.93

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10/10/2023	Widseth Smith Notlting & Assoc. Inc	Gg, Engineering	24182	\$10,775.12			
					100-43110-303-	Highways, Streets & Roadways	\$1,890.84
					100-43110-303-	Highways, Streets & Roadways	\$4,384.28
					100-43110-303-	Highways, Streets & Roadways	\$4,500.00
10/10/2023	Zitzow Electric, Inc.	Event, rewire by the bar area	24183	\$633.56			
					100-45110-530-	EVENT CENTER	\$633.56
Total For Selected Claims				\$60,710.67			\$60,710.67

Bruce E Albright	City Council/Town Board	Date
Dean Haarstick	City Council/Town Board	Date
Julie A Bruhn	City Council/Town Board, Mayor	Date
Natalie K Fischer	City Council/Town Board	Date
Paul Pinke	City Council/Town Board	Date

City of Vergas Liquor Store Checks Paid in September 2023

Vendor	Description	Total
Absolut Ice		\$1,095.50
Aramark	Rugs & towels	\$97.41
Artisan Beer Company		\$845.15
Arvig Communication System	Fax/Security Cameras/internet	\$248.54
Bergseth Bros. Co Inc		\$30,078.56
Beverage Wholesalers		7,703.07
Blue Cross Blue Shield of MN	Employee Health Insurance	3,435.72
Breakthru Beverage MN Wine and Spirits		3,937.74
City of Vergas	Payroll	5,211.75
Colonial Life	Reimbursed employee insurance	186.18
Copper Trail Brewing Co		123.60
Damian Anderson	Event Music	100.00
Direct Payment Consultants	Credit Card Fees	2,080.90
D-S Beverage		12,039.14
Great Plains Natural Gas	Utility	24.70
Internal Revenue Service	2023 Withholding Tax	2,190.48
Johnson Brothers Liquor Co		5,175.24
Merchant Services	Credit Card Fees	142.99
MN Dept. of Revenue	Sales Tax	11,085.00
MN Dept. Revenue	2023 Withholding Tax	296.40
Otter Tail Power Company	Utility	610.47
Phillips Wine & Spirits		3,332.66
Public Employees Retirement Assoc.	Payroll	\$1,379.44
Southern Glazer's of MN		4,543.59
Theisen, Kyle	Cell Phone	25.00
Vergas Community Club	Wine walk	75.00
Vergas Hardware	Supplies	43.94
Vergas Liquor Store	Hairy Man Gift Card	25.00
Viking Coca-Cola Bottling Co		91.91
Vinocopia, Inc		221.00
	Total	<hr/> 96,446.08
	September Receipts	93,342.44
September Balance		<hr/> <hr/> (\$3,103.64)
Jan- August Operating Income (Loss)		\$70,022.69
	Transfer to General Fund	
2022 Total Operating Income (Loss)		\$66,919.05

AGED BALANCES

CITY OF VERGAS

DATE: 10/02/2023 AUTHOR: VERJL22
CRITERIA: ACCT#: 0 - 9999999999 NAME: 0 - Z ZIP: 0 - 0 * includes unbilled transactions
STATUS KEY: N=NORMAL W=NEW C=CUTOFF O=CHARGEOFF I=INACTIVE F=FINAL D=DISABLED R=RENTER L=LANDLORD

Acct#	Stat	Customer	Current	Over 30	Over 60	Over 90	Balance
110	N	DAY, SHAWN	\$143.77*	\$138.18	\$17.95	\$0.00	\$299.90
621	N	WOODS, CASSANDRA	\$174.76*	\$108.12	\$112.76	\$166.61	\$562.25
1361	N	LONGTIN, TRISHA	\$138.81*	\$99.09	\$42.90	\$0.00	\$280.80
Totals(3):			\$457.34	\$345.39	\$173.61	\$166.61	\$1,142.95

City of Vergas Investments

	<u>Account Number</u>	<u>12/31/22</u>	<u>Purchase</u>	<u>Sold</u>	<u>Interest Earned</u>	<u>09/30/23</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Fund	325657	164,036.15	264,000.00	17,000.00	1,020.47	412,056.62	0.40	MMDA
Sewer Reserve	19753	26,910.87	0.00	0.00	53.67	26,964.54	0.40	12/27/2023
Sewer and Water Debt Service	19759	37,395.60	0.00	0.00	131.00	37,526.60	2.50	7/17/2024
Liquor Fund	20338	146,467.95	0.00	0.00	1,278.08	147,746.03	1.75	12/14/2023
Totals		374,810.57	264,000.00	17,000.00	2,483.22	624,293.79		

City of Vergas Bond Schedule

Title	<u>Purchase Date</u>	<u>Req. Balance</u>	<u>Interest Rate</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Balance 12/31/2022</u>	<u>Interest Due 12/31/2022</u>	<u>Balance 12/31/2023</u>	<u>Amount Paid in 2023</u>
Street Debt Service Fund									
General Obligation Improvement Refunding Bonds,	12/15/2015	\$299,000.00	2.42%	Vergas State Bank	2/1/27	145,000.00	29,173.50	174,173.50	28,511.25
General Obligation Improvement	6/11/2019	\$985,000.00	3.26%	Northland Trust	2/1/40	905,000.00	27,402.00	865,000.00	66,976.26
Water Fund									
General Obligation Water Revenue Note, Series 2022A	2/1/2022	<u>\$132,000.00</u>	3.25%	Vergas State Bank	2/1/32	132,000.00	1,320.00	<u>118,800.00</u>	<u>14,520.00</u>
Total		\$1,416,000.00				1,182,000.00		1,039,173.50	110,007.51

General Fund/Special Revenue Money Market Account

				2023		09/30/2023
	2022 Balance	Interest	2023 Interest	Purchased	2023 sold	Balance
Uncommitted Funds	0.00	64.23%	655.24	264,000.00		264,655.24
City Shop	8048.35	1.96%	20.00	0.00		8,068.35
Easements	5224.79	1.27%	12.96	0.00		5,237.75
Event Center	17956.76	0.23%	2.35	0.00	17,000.00	959.11
Event Center Electronic Sign	10,000.00	2.43%	24.80	0.00		10,024.80
General	14481.58	3.52%	36.02	0.00		14,517.60
Park	20634.42	5.02%	51.23	0.00		20,685.65
Sand Seal (Seal Coating)	31408.18	7.64%	78.07	0.00		31,486.25
Sidewalk	14882.84	3.62%	36.94	0.00		14,919.78
Street Improvements/Equipment	41399.23	10.07%	102.86	0.00		41,502.09
Balance	\$164,036.15	100.00%	\$1,020.47	\$264,000.00	\$17,000.00	412,056.62 ***
***Committed total should not drop below \$110,000 or be above \$205,000 at the end of the year.						
Current Committed Total	147,401.38					



**West Central Initiative
Statement of Activities by Fund
Fiscal Year through August 31, 2023**

	C2560--Vergas Community Fund - General 07/01/2023 Through 08/31/2023	C2561--Vergas Community Fund-Event Center 07/01/2023 Through 08/31/2023	C2562--Vergas Community Fund-Trails, Parks & Recreation 07/01/2023 Through 08/31/2023	C2563--Vergas Community Fund-Economic Development 07/01/2023 Through 08/31/2023	C2564--Vergas Community Fund-Veterans Memorial 07/01/2023 Through 08/31/2023	C2559--Vergas Community Fund 07/01/2023 Through 08/31/2023
Net Assets - Beginning	\$ 126.79	\$ 704.51	\$ 7,206.17	\$ 15,534.38	\$ 56,431.56	\$ 80,003.41
SUPPORT & REVENUE						
Contributed Support						
Contributions						
Individual Contributions	0.00	50.00	0.00	0.00	700.00	750.00
Total Contributions	0.00	50.00	0.00	0.00	700.00	750.00
Contributed Support	0.00	50.00	0.00	0.00	700.00	750.00
TOTAL SUPPORT & REVENUE	0.00	50.00	0.00	0.00	700.00	750.00
EXPENSES						
Operating Expenses						
Fund Raising Costs	0.00	0.00	0.00	0.00	13.46	13.46
Operating Expenses	0.00	0.00	0.00	0.00	13.46	13.46
Grants/Distributions to Other Entities						
Grants to Other Entities	0.00	0.00	1,860.00	0.00	7,610.54	9,470.54
Grants/Distributions to Other Entities	0.00	0.00	1,860.00	0.00	7,610.54	9,470.54
TOTAL EXPENSES	0.00	0.00	1,860.00	0.00	7,624.00	9,484.00
Investment Activity						
Other Investment Income						
Interest Earnings - General	0.82	5.93	109.15	124.12	543.52	783.54
Other Investment Income	0.82	5.93	109.15	124.12	543.52	783.54
Investment Activity	0.82	5.93	109.15	124.12	543.52	783.54
CHANGE IN NET ASSETS	\$ 0.82	\$ 55.93	\$ (1,750.85)	\$ 124.12	\$ (6,380.48)	\$ (7,950.46)
Net Assets - Ending	\$ 127.61	\$ 760.44	\$ 5,455.32	\$ 15,658.50	\$ 50,051.08	\$ 72,052.95

As on 9/30/2023

Fund	Beginning Balance	Receipts	Sale of Investments	Transfers In	Disbursements	Purchase of Investments	Transfers Out	Ending Balance	Investment Balance	Total Balance
General Fund	175,847.99	332,267.55	0.00	0.00	490,770.39	265,020.47	11,350.00	(259,025.32)	412,056.62	153,031.30
Small Cities Development	30,527.87	3,400.00	0.00	0.00	0.00	0.00	0.00	33,927.87	0.00	33,927.87
Street Debt Service*	(44,219.87)	6,636.20	0.00	0.00	28,511.25	0.00	0.00	(66,094.92)	0.00	(66,094.92)
SEWER AND WATER DEBT SERVICE	(217,288.71)	951.64	37,395.60	217,288.59	0.00	37,461.10	0.00	886.02	0.00	886.02
Long Lake Trail Extension Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019 Street Project	184,735.47	37,295.01	0.00	11,780.00	66,976.26	0.00	0.00	166,834.22	0.00	166,834.22
Street Project 2006*	109,400.39	9,419.80	0.00	16,310.00	0.00	0.00	8,879.00	126,251.19	0.00	126,251.19
Govenment Services Office	0.00	0.00	0.00	0.00	5,000.00	0.00	0.00	(5,000.00)	0.00	(5,000.00)
Water	223,641.09	97,478.58	0.00	0.00	136,747.81	14,958.24	9,721.30	159,692.32	15,023.74	174,716.06
Sewage Collection and Disposal	8,652.55	84,328.62	0.00	0.00	234,378.65	22,556.53	7,430.00	(171,384.01)	49,467.40	(121,916.61)
2022 Water MN Micro Loan	12,229.70	0.00	0.00	2,290.30	14,520.00	0.00	0.00	0.00	0.00	0.00
Municipal Liquor Store	34,953.52	770,923.91	0.00	0.00	699,080.64	1,278.08	0.00	105,518.71	147,746.03	253,264.74
Vergas EDA	18,336.36	35,430.54	0.00	7,000.00	40,351.60	0.00	0.00	20,415.30	0.00	20,415.30
Total :	536,816.36	1,378,131.85	37,395.60	254,668.89	1,716,336.60	341,274.42	37,380.30	112,021.38	624,293.79	736,315.17

American Rescue Plan Funding 2021-2026

Income:				
	9/7/2021	Grant Funds	\$18,623.80	
	11/22/2021	Grant Funds	\$609.88	
	6/28/2022	Grant Funds	\$19,233.67	
Total Income				\$38,467.35
Expenses:				
Dehumidifier		Water Plant	2,470.00	
Fire Wall		General Government	848.44	
Microsoft 365		General Government	1,124.56	
Computer Tech. Support		General Government	2,400.00	
NDSU Landscaping		Parks	1,250.00	
Total Expenses - reported 04/30/2022 report				\$8,093.00
Telephone System	Telephone System	General Government	977.16	
GIS Mapping	Widseth Mapping System	General Government	4,600.00	
City Camera System	Arvig	General Government	\$3,450.00	
Event Center Floors		General Government	\$10,000.00	
Total Expenses - reported 04/27/2023 report				\$27,120.16
Fire Department	Paving parking lot		347.19	
Expenses approved but not spent	Generator	Water	\$11,000.00	
Total in Fund				\$11,000.00

LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: <u>CDH Vergas Fire Relief assn</u>	Previous Gambling Permit Number: X- <u>32626-22-013</u>
Minnesota Tax ID Number, if any: _____	Federal Employer ID Number (FEIN), if any: _____
Mailing Address: <u>PO Box 98</u>	
City: <u>Vergas</u>	State: <u>MN</u> Zip: <u>56587</u> County: <u>Ottertail</u>
Name of Chief Executive Officer (CEO): <u>Nathan Thon</u>	
CEO Daytime Phone: <u>2188508469</u>	CEO Email: <u>thonrmk1982@yahoo.com</u>
(permit will be emailed to this email address unless otherwise indicated below)	
Email permit to (if other than the CEO): <u>vergasauto@yahoo.com</u>	

NONPROFIT STATUS

Type of Nonprofit Organization (check one):

- ☐ Fraternal
 ☐ Religious
 ☐ Veterans
 ☒ Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

- ☒ **A current calendar year Certificate of Good Standing**
 Don't have a copy? Obtain this certificate from:
 MN Secretary of State, Business Services Division
 60 Empire Drive, Suite 100
 St. Paul, MN 55103
 Secretary of State website, phone numbers:
www.sos.state.mn.us
 651-296-2803, or toll free 1-877-551-6767
- ☐ **IRS income tax exemption (501(c)) letter in your organization's name**
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.
- ☐ **IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**
 If your organization falls under a parent organization, attach copies of both of the following:
 1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
 2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): Vergas Event Center

Physical Address (do not use P.O. box): 140 west Linden Street

Check one:

☒ City: Vergas Zip: 56587 County: Ottertail

☐ Township: _____ Zip: _____ County: _____

Date(s) of activity (for raffles, indicate the date of the drawing): 10/14/23

Check each type of gambling activity that your organization will conduct:

- ☐ Bingo
 ☐ Paddlewheels
 ☐ Pull-Tabs
 ☐ Tipboards
 ☒ Raffle

Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to www.mn.gov/gcb and click on **Distributors** under the **List of licenses** tab, or call 651-539-1900.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

**CITY APPROVAL
for a gambling premises
located within city limits**

- ☒ The application is acknowledged with no waiting period.
- ☐ The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
- ☐ The application is denied.

Print City Name: Vergas

Signature of City Personnel:

Julie Jamner

Title: Clerk-Treasurer Date: 09/11/2023

**The city or county must sign before
submitting application to the
Gambling Control Board.**

**COUNTY APPROVAL
for a gambling premises
located in a township**

- ☐ The application is acknowledged with no waiting period.
- ☐ The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.
- ☐ The application is denied.

Print County Name: _____

Signature of County Personnel: _____

Title: _____ Date: _____

TOWNSHIP (if required by the county)

On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)

Print Township Name: _____

Signature of Township Officer: _____

Title: _____ Date: _____

CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: *Nathan Thon* Date: 9/11/23
(Signature must be CEO's signature; designee may not sign)

Print Name: Nathan Thon

REQUIREMENTS

Complete a separate application for:

- all gambling conducted on two or more consecutive days; or
- all gambling conducted on one day.

Only one application is required if one or more raffle drawings are conducted on the same day.

Financial report to be completed within 30 days after the gambling activity is done:

A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.

Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).

MAIL APPLICATION AND ATTACHMENTS

Mail application with:

- _____ a copy of your proof of nonprofit status; and
- ☒ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**. Make check payable to **State of Minnesota**.

To: Minnesota Gambling Control Board
1711 West County Road B, Suite 300 South
Roseville, MN 55113

Questions?

Call the Licensing Section of the Gambling Control Board at 651-539-1900.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the

application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Depart-

ment of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

**Vergas EDA/HRA
Vergas Event Center Council Chambers and Zoom 2:00
PM on Tuesday, September 5, 2023**

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Tuesday, September 5, 2023 at 2:00 pm at the Vergas Event Center for a hybrid with the following members present: Kevin Zitzow, Bruce Albright, Joy Summers, Duane Ditterich and Vanessa Perry. Absent: None. Also Present: City Clerk-Treasurer Julie Lammers.

Call to Order

The meeting was called to order by Chair Kevin Zitzow at 2:00 pm.

Agenda Additions and Deletions

Approve agenda as presented.

Minutes

Motion by Summers, seconded by Albright to approve the minutes of August 1, 2023. Motion carried.

Status of Recommendations to City Council

Albright reviewed the HRA request to have the Council forgive the 2019 water and sewer project amounts on three parcels 82000990253000, 82000990254000 and 82000990255000 owned by Otter Tail County. The Council forgave the water and sewer fees from the 2019 water and sewer project.

Financial Update

Lammers reviewed the 2023 income and expenses report.

Old Business

2023 Housing and Economic Goals

The goals and timelines have not changed.

Tax-Forfeited Land in Vergas

The Vergas HRA owns 8 parcels in the Sunny Oaks Development. The committee discussed selling the lots with the criteria provided by Otter Tail County. Summers stated we could sell the lots for \$25,000-\$30,000 but feels we should look into the costs for the HRA to build spec house on one of them. Zitzow reviewed needing to know what the city is going to charge the HRA for water and sewer installation. The City will be able to put specials on these parcels when they sell. The committee compared the Lawrence Lake lots – which are different due to having water and sewer and views. Listings that do not sell can have a negative effect on selling lots. Zitzow stated he did not feel selling these lots are not worth doing if we are only going to make \$1,000 a lot. Discussed going to the City and asking for ½ of the 2019 Water and Sewer project expenses to be forgiven. The cost per lot is \$21,375.13. This would lower the amount owed to the water and sewer funds to \$10,687.56 and the HRA could then make at least \$8,000.00 per lot to build a spec house with. If the city denies this request, we can then sell the lots for \$8,000 and then have the city put on special assessments. We may want to ask Council for a reduction if sold within the next 2 years. Discussed the amounts the City would be collecting if these lots were sold. Vergas does not have extra money any place and the utility customers will be paying this bill if forgiven. What will the HRA use this money for? Due to not having funds, the HRA has not been able to do large projects.

Projects they would like to work on:

- Build a home or duplex on one of the lots.
- Add commercial property for new business.

Items EDA/HRA has spent funds on:

- Crossroads – sign
- Skal – cooler
- Citizens of Vergas – Housing Study
- Summers Construction – Water and Sewer connection fees
- S & Z Properties – Water and Sewer connection fees

Motion by Summers, seconded by Perry at the sale of the lots by the HRA will pay \$10,000.00 to the water and sewer funds for 2019 project with the condition the city does not ask for other fees to be reimbursed. Motion passed unanimously.

Discussed the County HRA lots and when they would know if they were building and if they had received funds. Lammers stated she would let the committee know when she is informed about the grant the County applied for. Zitzow asked Lammers to get information regarding all programs available for building in Vergas. Such as the Big Build program, property tax refund, Down Payment Assistance...

New Business

Dispensary

Lammers reviewed the new cannabis laws and licenses in Vergas. The planning commission is working on where they will allow dispensaries in Vergas as they are responsible for land use. Lammers explained how Otter Tail County legally needs to allow 5

dispensaries due to the number of people in Otter Tail County. The City of Vergas does not legally need to allow any dispensaries in Vergas. There are people who would like to open one in January of 2025 when they become legal. Looking for recommendations on if the EDA would like to recommend allowing dispensary licenses and if they want to limit the amount of them. Zitzow stated we need to help businesses out why would we want to limit them. Others commented that we want to control the types of dispensary and protect some businesses. Discussed the benefits of the amount the city will receive from the taxes of the sale of products. Motion by Summers, seconded by Perry to recommend to Council the EDA is not against having dispensaries as there could be some advantages, however we have some concerns and would like the Council to take into consideration all the pros and cons.

131 E Main St

Zitzow questioned why the EDA was not involved in the purchase of 131 E Main St, he did not appreciate learning of the purchase of the building on Main Street. Lammers explained the building came up for sale on Monday and was sold the following Monday and the Council had enough time to have an emergency meeting. Lammers spoke with both the City Attorney and Bond Council before purchasing the building. Zitzow and Ditterich questioned why the city took the only available building off the market. The building has not closed, and this can be discussed at the next Council meeting. Having the City Office on Main Street is not beneficial for the City. Both Perry and Ditterich stated they were interested in purchasing the business. Albright explained the liquor store just had the building designed for remodel for over \$700,000.00. The current city offices are small, have no privacy and employees need to use a public restroom. Albright stated he raised the concern of what kind of business could be put in this building. This will allow space for the liquor store and if the city had to build a city office it would be at a greater expense. Discussed the County property and what would be happening to the building. Zitzow asked if an analysis was done on the building, as he has an older building and knows what it costs. Zitzow asked for a motion regarding the building and multiple members stated they have a financial interest and could not vote regarding this. Why has the city not looked at remodeling the event center for city offices, the Council meetings could be held in the large area. This would give more parking. Zitzow again asked for a motion. A member stated he does not believe the purchase of 131 E Main Street is in the best interest of the EDA's goals, it takes the building off the tax rolls, it does not create economic development, it was competitive with others, does not feel it is ADA compliant and the purchase price was too high. Government should not put interest into things others are interested in. EDA totally agrees the city office space needs to be moved into a new space, but this is not the space. The city needs bigger offices but the idea of being in the event center makes so much sense.

Motion by Perry, seconded by Summers to adjourn the meeting at 4:00 p.m.

Julie Lammers
City Clerk-Treasurer
City of Vergas

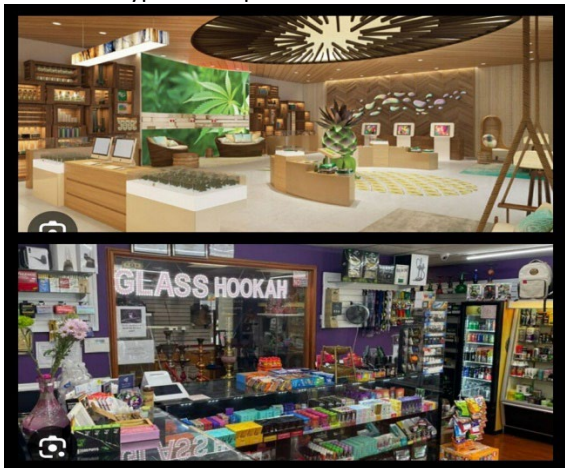
Council Recommendations

Lower 2019 water and sewer fund fees to \$10,000 per lot owned by the Vergas HRA in the Sunny Oaks Development.
Allow dispensaries in Vergas.
Make Council aware they are not in favor of purchase of 131 E Main St.

Follow up Actions.

Update goal timeline.
Set up discussion with Arvig regarding broadband.

Here are 2 types of Dispensaries:



CITY OF VERGAS
PUBLIC HEARING MINUTES
VERGAS EVENTS CENTER & ZOOM
Tuesday, September 12, 2023

The City Council of Vergas met at 6:00 pm, on Tuesday, September 12, 2023, at the Vergas Event Center and on a Zoom for a hybrid for a public hearing with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke, Dean Haarstick and Natalie Fischer. Absent: none. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Liquor Store Manager Kyle Theisen, Attorney Tom Winters, Engineer Blaine Green, Carol Albright, Joy Summers, JoAnne Knuttila, Tony Sailer, Kevin Zitzow, Vanessa Perry, Duane Ditterich, Daren Berube and Paul Haarstick. On zoom was Amber's Galaxy, Jay, Kelly and Matthew's iPhone.

Mayor Julie Bruhn opened the public hearing at 6:00 pm.

Bruhn reviewed the cannabis ordinance and explained the city is proposing to adopt the same cannabis ordinance as Otter Tail County.

Mayor Julie Bruhn closed the public hearing at 6:09 pm.

CITY OF VERGAS
COUNCIL MINUTES
VERGAS EVENTS CENTER & ZOOM
Tuesday, September 12, 2023

The City Council of Vergas met at 6:30 pm, on Tuesday, September 12, 2023 at the Vergas Event Center and on a Zoom for a hybrid regular council meeting with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke, Dean Haarstick and Natalie Fischer. Absent: none. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Liquor Store Manager Kyle Theisen, Attorney Tom Winters, Carol Albright, Joy Summers, JoAnne Knuttila, Tony Sailer, Kevin Zitzow, Vanessa Perry, Daren Berube, Paul Haarstick, Ricky Moltzan, Melissa Moltzan and Mike Maneval.

Call to Order

Mayor Julie Bruhn called the meeting to order.

Citizens' Concerns

No concerns addressed.

Agenda Additions and Deletions

Motion by Pinke, seconded by Albright to approve the agenda with the following changes: Moved LMC-Liability Waiver and Events Center Advisor and CDH-Vergas Fire board moved to Consent Agenda. Pull the City claims list from the consent agenda. Motion passed unanimously.

Approval of Consent Agenda

Discussed claims list for approval questioned the claim for \$7,300 for Sonnenberg Excavating for grading and gravel. Albright explained it was for graveling Townline Road and Bennett Road and the street committee felt more gravel was needed than what we have done in the past. DuFrane explained the roads had not been graveled for a few years.

Motion by Pinke, seconded by Fischer to approve the following consent agenda:

1. Council Minutes of the August 8 and 17, 2023
2. Bills paid between Council meetings and Council bills totaling \$120,842.44.
3. Liquor Store bills for August 2023 totaling \$109,669.90.
4. Late water/sewer bills

5. 2023 Investment Schedule/Bond Schedule
6. American Rescue Plan Funding 2021-2026
7. Committee Reports: Personnel Committee, CDH-Fire Board, Event Center Advisory Board.
8. LMC-Liability Waiver

Motion passed unanimously.

Cannabis Ordinance

Bruhn explained earlier we had a public hearing with no comments to change the ordinance adopted language from Otter Tail County. Motion by Pinke, seconded by Albright to approve Cannabis Ordinance after publication. Motion passed unanimously.

W. Lake Street Survey and Right of Way

Albright explained the streets committee has reviewed W Lake Street and the street is almost impossible to maintain in the winter when we have heavy storms. We have a subdevelopment at the end of this street and the street committee feels we need to clean up the right of way on this street. Normally we have 66 feet of right of way on a street. The streets committee would like to get the right of way straightened out before we can proceed. With the street being there for many years it is time to proceed with easements and look at some kind of improvement to this street. Property owners questioned the timeline and if culverts would be placed. The layout of the street and the timeline will be decided after funding is received by the grant. Green explained that if you look at the agreement, phase 1 is 30 days and phase 2 is 60 days. Greene questioned if he would be able to put the stakes in the ground currently as he could not promise they could put stakes in frozen ground. Motion by Albright, seconded by Pinke to apply for the Local Road Improvement Program (LRIP) for \$2,500.00. Motion passed unanimously.

131 E Main St

Lammers updated the Council on the purchase of 131 E Main St. The city council approved Lammers to purchase the property on August 16 and it was purchased for \$197,501.00, an inspection of the building was done for \$400.00, and the city lowered bid by \$600.00 due to some repairs making the purchase price \$196,901.00. The city has paid \$5,000 earnest money. Lammers is working with our city attorney, League of Mn Loss Control consultant, Joy Summer as our realtor and Daren Berube at Vergas State Bank. Lammers provided a layout for the remodeling project and asked Council permission to go out for bids.

Kevin Zitzow, President of EDA, gave background of EDA. Zitzow stated they were surprised the building was purchased, the city paid too much for the building, there is going to be tons of expenses for this building, this is a poor decision buying this building. The city should consider remodeling the event center for city offices. There was multiple bids for this building and the EDA does not feel this was a good decision. Duane Ditterich stated he is not a Vergas taxpayer, but he is not in favor of a main street business space used for city office. This was not good use for retail space. Ditterich randomly asked 7 business owners in town and all 7 of them said this was a bad to poor decision. Ditterich stated he is not done investing in his lifetime but if the city is going to take the opportunity of business away from businesses, he can take his investments to the townships. Albright stated the EDA does agree the conditions of the current city office do need to be improved. The city is very limited and if a business came to town today, we would ask where we put them. Having the city offices moved this is expanding retail with the liquor store. Albright stated it is really neat that when you come to town on a Saturday you cannot find a parking spot. Fischer stated the building has been sitting empty for years and no one opened a retail business. Zitzow questioned how the city can say they do not have funding, but they can buy a building. Carol Albright questioned what kind of business would go into the building. Paul Haarstick questioned if the same funding could be used for the building be the same for the remodeling of the event center. With the purchase of this building we will be using the rent from the US Post Office. Bruhn explained the council looked at the businesses requested in the comp plan: car wash, pharmacy, etc. and this building was not feasible for any of these businesses. The timeline was set by the seller not the city. Zitzow asked our attorney what the justification was for paying over the purchase price. Attorney Winters stated that there would need to be justification. Perry stated Summers, Lammers and herself did look at remodeling the area by the bar for City Offices. Already many people go to Frazee because our event center is too small. Albright asked Lammers how we were going to pay for this.

Lammers stated the Council needs to decide if we are going to finance the project with a lease to own bond for 15 years, for a cost of \$17,000 and an interest rate or we can use uncommitted funds to purchase the project. Zitzow

questioned the council why the city does not have a community meeting regarding the building. Fischer stated that she would like to proceed with the current plan. This building will pay for itself with the lease with the post office. By roll call the council decided to have a public meeting session. The following wanted a public session: Pinke, Haarstick and Albright. To proceed with the purchase: Fischer. Motion by Albright, seconded by Pinke to hold a community public input session on September 27 at 6:30 pm with a special council meeting immediately following the public input session. Voting yes: Pinke, Albright and Haarstick. Voting no: Fischer. Motion carried.

Chevy Pickup Bid Opening

At 7 pm opened bids for 06 Chevy Pickup. Two bids were received at the city office. Bruhn opened the 2 bids, one for \$404.00 the other for \$800.00. Motion by Albright, seconded by Pinke to sell pickup for \$800.00. Motion passed unanimously.

Event Requests

Alley Closing – Sept. 16, 2023

Motion by Albright, seconded by Pinke to close the alley between Altona Square and Vergas Liquor Store from 11:00 – 4:00 pm on Saturday, September 16, 2023 and have city staff drop off barricades. Motion passed unanimously.

Hairy Man City worker request – Sept 30, 2023

Motion by Albright, seconded by Pinke to accept the request for city workers for Hairy Man event with employees completing all the work during regular working hours. Motion passed unanimously.

Committee Reports

Parks

Tony Sailer reviewed the Park Board meeting held on August 24, 2023 (minutes available at the Vergas City Office). Motion by Pinke, seconded by Fischer to proceed with FEMA grant for a multi-use building at the Long Lake Park to double as a restroom and storm shelter. Motion passed unanimously. Motion by Pinke, seconded by Fischer to proceed with a bike grant for 3 two hung racks for \$400.00 each with a grant to pay for the racks and install them at the city parking lot, Long Lake Park and at the trail head. Motion passed unanimously. Motion by Pinke, seconded by Haarstick to proceed with further research on ice rinks and to proceed with a light on a second pole at the skating rink. Motion passed unanimously. Motion by Fischer, seconded by Haarstick to spend up to \$2,500.00 on the restrooms at Long Lake Park. Motion passed unanimously. Discussed the need for porta-potties to be placed during skating rink time is open. The water ski team would like the same usage of the beach for the summer of 2024. There will only be one dock next year. They asked if they could store their present docks along the shoreline. DuFrane asked who would be liable and Lammers stated the County does not allow docks to be stored within 200 feet of the road. Motion by Albright, seconded by Pinke to allow the ski team for 2024 and to allow them to store the docks on city property. Motion passed unanimously.

Liquor Store/Municipal Building/Licensing Committee

The committee recommends increasing the rent from \$500.00 to \$600.00 a month. Knuttila explained they paid \$1,800 more for the flooring than they had expected for the building. With the amount of labor that has gone into the building she feels they have made an investment in the building. A 20% increase is kind of high. Knuttila asked for a 10% increase and to sign a 3-year lease. Need to look at the entry way, only public bathrooms and stairs need to be taken into consideration. Motion by Albright, seconded by Pinke to enter into a 2-year lease for \$550.00 a month. Motion passed unanimously.

Water and Sewer Committee

Fischer reviewed the Water and Sewer Committee meeting held on September 9, 2023 (minutes available at the Vergas City Office). Committee recommends we deny the request from Bunkowske to raise the manhole 6 feet. Engineers have not been able to work out an agreement. Motion by Pinke, seconded by Haarstick to deny the request. Motion passed unanimously.

The Water and sewer committee has received a request from EDA/HRA to lower the water and sewer payments for the improvements at Sunny Oaks Development. Zitzow explained that currently the city is getting zero on these lots and if they should lower them to \$10,000 to help the EDA/HRA to raise funds and get some money back. The

water and sewer committee is proposing a break of \$5,000 if built on in 2024, \$4000 if built on in 2025, \$3,000 if built on in 2026, \$2,000 if built on in 2027 and \$1,000 if built on in 2028. Motion by Albright, seconded by Fischer to lower project costs on these lots to 15 years if they sell within 2 years or by December 31, 2025. Motion passed unanimously. Motion by Fischer, seconded by Pinke to receive grease records from Loon's Nest, Skal and Billy's Corner Bar. Motion passed unanimously. : 2024 Water Budget Discussed proposed budget for 2024. The water fund had a \$15,420.00 loss in 2022 and currently is looking at a \$5,804.00 loss in 2023. The main cause of the loss is the payback of the 2019 water and sewer bond payment which was not reimbursed by property owners. Discussed raising the rates for 2024. The current rate is \$3.75 with an increase of 50 cents rate would be \$4.25 and 75 cents would be \$4.50 per 1,000 gallons. The committee recommends the council approve the 2024 proposed water budget totaling \$137,200.00 with a 50 cents per 1,000-gallon increase in rates. Motion by Albright, seconded by Pinke to raise water rates by 50 cents per 1,000 gallons in 2024. Motion passed unanimously.

EDA/HRA

Discussed dispensaries and waiting for Planning Commission to review locations the city will allow for dispensaries.

Streets/Sidewalks/Yard Waste

Motion by Albright, seconded by Fischer to approve in accordance with the new ordinance for street lighting. Motion passed unanimously.

Staff Reports

Lammers requested guidelines on presentation. Bruhn stated Lammers should use the proposed plan and Council members should contact Lammers with suggestions.

Due to the length of the meeting all staff reports were tabled until the October meeting.

2024 Budget

Motion by Albright, seconded by Pinke to approve resolution regarding preliminary budget (complete copy of resolution located at the city office) for \$271,225.00. Motion passed unanimously.

Information & Announcements

Trainings:

- A. Clerks Advanced Academy- Sept 14-15, 2023, Bemidji, MN (Lammers)
- B. LMC, Safety and Loss Control Workshop, Peer Support Training, Cybersecurity Essentials, October 31, Fergus Falls, (Lammers, DuFrane, Engebretson)

Events:

- A. Otter Tail County Board of Commissioners Open House in Pelican Rapids-September 18, 7-9 pm-Lake Region Electric Cooperative 1401 South Broadway Pelican Rapids MN
- B. Hairy Man, September 30, 2023.

Adjournment

The business for which the meeting was called having been completed, the meeting was adjourned at 8:55 pm.

Vergas Clerk-Treasurer
Julie Lammers, CMC

**City Council
2023 October Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, October 10, 2023**

7. Government Services Building

Files Attached

- Resolution 2023-014 Resolution for Govenment Services Center (final).pdf
- Govenment Services Building Lease-Purchase Agreement.pdf
- Govenment Services Center Primary Lease.pdf
- Proposed Budget for Government Services Center.pdf

RESOLUTION PROVIDING FOR THE EXECUTION OF
A PRIMARY LEASE AND A LEASE-PURCHASE AGREEMENT

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

Section 1. Purpose and Authorization.

1.01 Recital of Authority. The City is authorized to purchase personal property under an installment contract, or lease real or personal property with an option to purchase under a lease-purchase agreement.

1.02 The Project. The City desires to finance the purchase of a building which will house City offices and an office for the United States Postal Service for the City, through a lease-purchase agreement (the “Project”).

1.03 Offer of Bank. The City has received an offer to enter into a Primary Lease (the “Primary Lease”) from Vergas State Bank, with an office in Vergas, Minnesota (the “Bank”) and a Lease-Purchase Agreement from the Bank (the “Lease-Purchase Agreement”, and collectively with the Primary Lease, the “Lease Agreements”) on terms substantially similar to the terms set forth in the Preliminary Term Sheet prepared by Northland Securities, Inc., the City’s consultant, submitted to the City by the Bank (the “Term Sheet”). Under the Lease Agreements and as described in the Term Sheet, the Bank will provide financing in the amount of \$230,000, with a true interest cost of 6.26% and a maximum repayment term of 16 years, comprised of one year of payments of interest only and 15 years of payments of principal and interest. The financing will be fully advanced to the City on the date of closing and delivery of the Lease Agreements to pay costs of the Project.

1.04 Acceptance of Offer of Bank. The forms of the proposed Lease Agreements as presented to the City Council are hereby approved, subject to such modifications as are deemed appropriate and approved by the City Attorney. The City Council finds the offer of the Bank reasonable and proper and accepts the Bank’s offer. The Mayor and the Clerk-Treasurer are hereby authorized and directed to execute the Lease Agreements and other closing certificates and documents that may be necessary to properly document the transactions described herein, and in the Lease Agreements.

Section 2. Establishment of Accounts. There are hereby created the following accounts:

(a) The Construction Account, which shall be a separate segregated account separate and apart from all other funds and moneys held by the City. There shall be credited to the Construction Account the moneys paid to the City pursuant to the Lease-Purchase Agreement and any other moneys received by the City for deposit therein. The City shall use the moneys in the Construction Account to pay for the acquisition cost of the Project. Any funds remaining in the Construction Account upon completion and acceptance of the Project and payment of all Construction Costs, but in any event not

later than three years from the date hereof, shall be transferred to the Rental Payments Account to be used for payment of the Principal portion of the Rental Payments next coming due under the Lease-Purchase Agreement.

(b) The Rental Payments Account, which shall be a separate segregated account within the City's general fund. The monies in the Rental Payments Account shall be used for no purpose other than the payment of Rental Payments as defined in the Lease-Purchase Agreement. The Clerk-Treasurer is authorized and directed to transfer monies of the City to the Rental Payments Account at the times and in an amount sufficient to ensure that Rental Payments are paid when due. The City will pay to the Bank promptly when due, all of the Rental Payments and other amounts required by the Lease Agreements from the sources at the times and in the amounts specified in the Lease Agreements.

Adopted: October 10, 2023

CITY OF VERGAS, MINNESOTA

By _____
Mayor

By _____
Clerk-Treasurer

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LEASE-PURCHASE AGREEMENT

between

**VERGAS STATE BANK,
as Lessor**

and the

**CITY OF VERGAS, MINNESOTA
as Lessee**

Dated October 24, 2023

This instrument was drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.
302 West Superior Street, Suite 700
Duluth, Minnesota 55802

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This LEASE-PURCHASE AGREEMENT, dated October 24, 2023, by and between VERGAS STATE BANK, whose address is 106 East Main Street, P.O. Box 67, Vergas, Minnesota 56587, and the CITY OF VERGAS, a municipal corporation and political subdivision organized under Minnesota Statutes, 412.211, whose address is 111 Main Street, P.O. Box 32, Vergas, Minnesota 56587-0032.

W I T N E S S E T H:

A. The City desires to finance the purchase of a building on the real property described on Exhibit A attached hereto for use as City offices and an office for the United States Postal Service.

B. The City is authorized by Minnesota Statutes, Section 465.71 to purchase personal property under an installment contract, or lease real or personal property with an option to purchase under a lease-purchase agreement.

C. The City and Lessor have entered into a Primary Lease, of even date herewith, of the Operating Facilities, as defined therein.

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

ARTICLE I – DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified.

Acquisition Account: The account of that name held by the Lessor in the name of the City pursuant to Section 3.5 of this Lease.

Bank: Vergas State Bank, Vergas, Minnesota.

Bond Counsel: means Fryberger, Buchanan, Smith & Frederick, P.A.

City: The City of Vergas, Minnesota, a municipal corporation and political subdivision of the State of Minnesota.

City Council: The City Council of the City.

Code: The Internal Revenue Code of 1986, as amended.

Completion Date: October 24, 2023.

Condemnation: Any taking or requisition by governmental authority or by a person, firm or corporation acting under governmental authority, and a conveyance made under threat of condemnation provided such conveyance is made with the approval of the Lessee.

Default Rate: An annual rate of interest equal to the rate then in effect plus 3.00%.

Fiscal Year: The 12-month period commencing January 1 and ending on December 31 of each calendar year.

Force Majeure: As used in this Lease shall mean, without limitation, the following: acts of nature, strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections, riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee and not resulting from its negligence.

Independent Counsel: An attorney duly admitted to the practice of law before the highest court of the State who is not a full-time employee of Lessor or Lessee.

Insurance Requirements: all terms of any insurance policies covering or applicable to the Land or other Operating Facilities or any part thereof, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Land or other Operating Facilities or any part thereof or any use or condition of the Land or other Operating Facilities or any part thereof.

Interest: The portion of any Rental Payment designated as and comprising interest as shown in the attached Exhibit B, subject to the adjustment of the Rental Payments as permitted by Section 5.3 of this Lease, calculated on the basis of a year of 360 days and actual days elapsed in any period.

Land: The real property described in the attached Exhibit A.

Lease: This Lease-Purchase Agreement and any amendments or supplements hereto.

Lessee: The City, and its permitted successors and assigns.

Lessor: the Bank, and its permitted successors and assigns.

Maturity Date: February 1, 2039.

Net Proceeds: Any insurance proceeds or condemnation awards, paid with respect to the Operating Facilities, remaining after payment therefrom of all expenses incurred in the collection thereof.

Operating Facilities: The Land, the Project Buildings, the Project Improvements and the Project Equipment used as the City's emergency services facility that will house the fire department and ambulance services.

Payment Date: With respect to Principal, February 1 in the years 2025 through 2039. Interest is payable semiannually on February 1 and August 1 in each year commencing on August 1, 2024 through February 1, 2039.

Permitted Encumbrances: As of any particular time: (i) liens for taxes and assessments not then delinquent, or which Lessee may, pursuant to the provisions of Section 7.3 hereof, permit to remain unpaid, (ii) the Primary Lease, (iii) this Lease and amendments hereto, (iv) Lessor's interest in the Operating Facilities, (v) Lessee's interest in the Operating Facilities, or (vi) unpaid charges which the Lessee may, pursuant to the provisions of Section 8.5 hereof, permit to remain unpaid.

Person: An individual, partnership, corporation, trust or unincorporated organization.

Plans and Specifications: Plans and specifications for Project Improvements.

Prepayment Price: With respect to the Rental Payments, as of any Payment Date, the outstanding Principal amount and accrued Interest to the date of prepayment, and any other amounts then due or past due to Lessor.

Primary Lease: The Primary Lease dated as of the date hereof, by and between the City and the Bank, whereby the City has leased the Operating Facilities to the Bank.

Principal: The portion of any Rental Payment designated as principal in the attached Exhibit B, subject to the adjustment of the Rental Payments permitted by Section 5.3 of this Lease.

Project Buildings: All buildings, structures, improvements and fixtures located or to be located on the Land.

Project Equipment: All items of machinery, equipment or other personal property used in the Operating Facilities and financed hereunder, and all replacements thereof and substitutions therefor.

Project Improvements: All additions, alterations, modifications and improvements to the Land and the construction of the Project Buildings and all additions, alterations, modifications and improvements thereto.

Regulations: The U.S. Treasury Regulations promulgated under the Code, as amended.

Rental Payment(s): The payment due from Lessee to Lessor on each Payment Date, as shown, in part, on Exhibit B.

Resolution: The Resolution adopted by the Lessee on October 10, 2023.

State: The State of Minnesota.

State and Federal Law or Laws: The Constitution and any law of the State, any charter, ordinance, rule or regulation or any agency or political subdivision of the State, any law of the United States, and any rule or regulation of any federal agency.

Term or Lease Term: The period commencing on the execution of this Lease and ending as set forth in Article IV.

Section 1.2 Exhibits. The following Exhibits are attached to and by reference made a part of this Lease:

Exhibit A: A description of the Land being leased and purchased by Lessee pursuant to this Lease.

Exhibit B: A schedule indicating the amount of each Rental Payment and the amount of each Rental Payment comprising Principal and Interest, as the same is amended or adjusted pursuant to the terms of this Lease.

ARTICLE II – REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of Lessee. Lessee represents, covenants and warrants as follows:

(a) Lessee is a municipal corporation and political subdivision of the State, duly organized and existing under its charter and the Constitution and laws of the State.

(b) Lessee is authorized to enter into this Lease and the transactions contemplated hereby, and to perform all of its obligations hereunder.

(c) The officers of Lessee executing this Lease have been duly authorized to execute and deliver this Lease under the terms and provisions of a resolution approved by the City Council on October 10, 2023.

(d) In authorizing and executing this Lease, Lessee has complied with State and Federal Laws applicable to this Lease.

(e) Lessee will not pledge, mortgage or assign this Lease, or its duties and obligations hereunder to any other person, firm or corporation, except as provided under the terms of this Lease.

(f) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, to Lessee's knowledge, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default under any of the foregoing.

Section 2.2 Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants as follows:

(a) Lessor has the power to enter into this Lease, is possessed of full power to own and hold real and personal property, and to lease and sell the same.

(b) Lessor has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by this Lease.

(c) Lessor understands that payments of Rental Payments are subject to an annual appropriation of monies therefor by the Lessee.

(d) Lessor acknowledges that no offering statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Lessee and this Lease has been issued or prepared by the Lessee prior to our offer to enter into this Lease, and that, in due diligence, we have made our own inquiry and analysis with respect to the Lessee, this Lease and the security therefor, and other material factors affecting the security and payment of this Lease.

(e) Lessor acknowledges that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Lease and the security therefor, and that as a reasonable investor we have been able to make our decision to purchase the Lease.

(g) Lessor represents that it is entering into this Lease for its own account.

ARTICLE III – AGREEMENT TO LEASE; PROJECT IMPROVEMENTS

Section 3.1 Lease. Lessor leases the Operating Facilities to Lessee, and Lessee leases the Operating Facilities from Lessor, upon terms and conditions set forth in this Lease and subject to the option to purchase set forth in Section 4.3 hereof.

Section 3.2 Possession and Enjoyment. Lessor covenants to provide Lessee during the Lease Term with the quiet use and enjoyment of the Operating Facilities, and Lessee intends to during the Lease Term peaceably and quietly have and hold and enjoy the Operating Facilities, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Lease. Lessor will, at the request of Lessee and at Lessee's cost, join any legal action in which Lessee asserts its right to such possession and enjoyment to the extent Lessor lawfully may do so.

Section 3.3 Lessor Access to Operating Facilities. Lessee agrees that Lessor shall have the right at all reasonable times and upon reasonable notice to examine and inspect the Operating Facilities. Lessee further agrees that Lessor shall have such rights of access to the Operating Facilities as may be reasonably necessary to cause the proper maintenance of the Operating Facilities in the event of failure by Lessee to perform its obligations hereunder.

Section 3.4 Acquisition Account. There is created with the Lessor a special account held in the name of the Lessee entitled the "Acquisition Account."

(a) Monies in the Acquisition Account shall be used to pay, or to reimburse the Lessor or Lessee for payments made, for the acquisition of the Operating Facilities.

(b) On the date hereof, and upon compliance with the requirements of Section 3.10, the Lessor shall advance \$230,000 into the Acquisition Account.

Section 3.5 Closing. Lessor's obligation to make any advances into the Acquisition Account is contingent on the following conditions being met and satisfied:

(a) Receipt by Lessor of the fully-executed Lease, Primary Lease, Resolution, and other documents entered into between the parties pursuant to the Lease.

(b) Receipt by Lessor of a title opinion covering the Land with results satisfactory to Lessor. Lessee shall be responsible for the cost of all title review.

(c) Receipt by Lessor of certificates of insurance complying with the requirements of this Lease.

(d) Receipt by Lessor of amounts necessary to pay or reimburse Lessor for all costs and expenses suffered, incurred, or paid at any time in connection with this transaction, including attorneys' fees, bond counsel fees, appraisal fees, title review fees, filing fees, and commitment fees.

ARTICLE IV – LEASE TERM

Section 4.1 Lease Term. This Lease shall be in effect for a period commencing upon the execution hereof and ending as provided in Section 4.2. Notwithstanding the foregoing, all sums due and owing hereunder, if not sooner paid, shall be paid in full on the Maturity Date.

Section 4.2 Termination of Lease. This Lease will terminate upon the occurrence of the first of the following events:

(a) the exercise by Lessee of its option to purchase Lessor's interest in the Operating Facilities pursuant to Article X;

(b) a default by Lessee and Lessor's election to terminate this Lease pursuant to Article XII;

(c) subject to the requirements of Section 4.1 of this Lease, the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee hereunder; or

(d) nonappropriation of funds by Lessee pursuant to Section 12.7 hereof.

Section 4.3 Option to Purchase. Upon payment of all Rental Payments as described in Section 4.2, clause (a) or (c), Lessee shall have the option to purchase Lessor's interest in the Operating Facilities at any time after the commencement date of this Lease for a purchase price equal to the then Prepayment Price but shall be under no obligation whatsoever to exercise the option.

ARTICLE V – RENTAL PAYMENTS

Section 5.1 Rental Payments.

(a) Subject to the provisions of Section 12.7, Lessee agrees to pay Rental Payments in the amounts and on the dates specified in Exhibit B, as the same may be amended in accordance with the terms of this Lease. All Rental Payments shall be paid to Lessor at its offices at the address specified in Section 13.1 of this Lease, or to such other person or entity to which Lessor has assigned such Rental Payments as specified in Article XI, at such place as such assignee may from time to time designate in lawful money of the United States of America to Lessor or, in the event of assignment of the right to receive Rental Payments by Lessor, to its assignee. Interest shall accrue from the date of this Lease.

(b) Lessee may make a prepayment of Principal on any business day.

(c) Rental Payments shall be applied as follows:

1. first to payment of any costs of collection (including attorneys' fees) or other advances by Lessor;
2. second to payment of any late charges due hereunder;
3. third to payment of Interest; and
4. the remainder thereof to payment of Principal.

Section 5.2 Interest; Adjustment of Rental Payments.

(a) The first Rental Payment shall be of interest only on the Principal amount advanced by Lessor. Thereafter, Rental Payments will be comprised of Principal and Interest, as set forth on Exhibit B.

(b) Rental Payments must be in an amount sufficient to amortize the then outstanding Principal amount hereof at the Interest rate then in effect over the remaining term of this Lease.

(c) Annually, on the anniversary date of this Lease, if the Lessee has made any prepayments of Principal in the preceding 12-month period, the Rental Payments will be adjusted to amortize the Principal amount then outstanding over the remaining term of this Lease, payable commencing on the next following Payment Date.

(d) Lessor and Lessee agree to revise the schedules set forth in Exhibit B in accordance with subsection (d) above.

Section 5.3 Rental Payments to be Unconditional. The obligation of Lessee to make Rental Payments or any other payments required hereunder shall be absolute and unconditional in all events, except as expressly otherwise provided under this Lease. Notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all Rental Payments and other payments required hereunder when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute nor shall Lessee assert any right of set-off

or counterclaim against its obligation to make such Rental Payments or other payments required under this Lease. Lessee's obligation to make Rental Payments or other payments shall not be abated through accident or unforeseen circumstances. Except as provided in Section 12.7, nothing herein shall be construed to release Lessee from the performance of its obligations hereunder, and if Lessee should fail to perform any such obligation, Lessor may institute such legal action against Lessee as Lessor may deem necessary to compel the performance of such obligation or to recover damage therefor.

ARTICLE VI – INSURANCE AND NEGLIGENCE

Section 6.1 Liability Insurance. Lessee shall take such measures as may be necessary to ensure that any liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Operating Facilities or any part thereof, is covered (i) by a blanket or other general liability insurance policy maintained by Lessee or (ii) through the City's self insurance program; in all cases, with a limit of not less than the maximum limits of liability of the City prescribed in Minnesota Statutes, Chapter 466, as now in effect or hereafter amended.

Section 6.2 Property Insurance. Lessee shall have and assume the risk of loss with respect to the Operating Facilities, or any part thereof. Lessee shall procure and maintain continuously in effect during the Lease Term, all-risk insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient either: (a) so that a claim may be made for the full replacement cost of any part thereof damaged or destroyed or (b) to pay the applicable Prepayment Price. Such insurance may be provided by a rider to an existing policy or under a separate policy. Such insurance may be written with customary deductible amounts. The Net Proceeds of insurance required by this Section shall be applied either (i) to the prompt repair, restoration or replacement of the Operating Facilities or (ii) to the payment of the Prepayment Price, both as provided in Section 6.6. Any Net Proceeds not needed for those purposes shall be paid to Lessee.

Section 6.3 Worker's Compensation Insurance. If required by State law, Lessee shall carry worker's compensation insurance covering all employees on the Operating Facilities.

Section 6.4 Requirements for all Insurance. All insurance policies (or riders) required by this Article shall be taken out and maintained within responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the Lessee at least 30 days before the cancellation or revision becomes effective. All insurance policies or riders required by Sections 6.1 and 6.2 shall name the Lessee and Lessor as insured parties, and any insurance policy or rider required by Section 6.2 shall contain the standard lender's loss payable provisions in favor of Lessor. Lessor shall also be a certificate holder of such insurance. Upon request, Lessee shall deposit with Lessor policies (and riders) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any policy (or rider), Lessee shall furnish to Lessor evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article.

Section 6.5 Lessee's Negligence. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Operating Facilities, or any part thereof, and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or property of others, which is proximately caused by the negligent or other conduct or the other acts or omissions of Lessee, its officers, employees and agents. Lessee assumes responsibility for and agrees to reimburse Lessor for all liabilities, obligations, losses and damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the negligent or other conduct, acts or omissions of Lessee, its officers, employees and agents, with respect to the Operating Facilities, to the maximum extent permitted by law.

Section 6.6 Damage to or Destruction of Operating Facilities. If all or any substantial part of the Operating Facilities is lost, stolen, destroyed or damaged beyond repair, Lessee shall as soon as practical after such event either: (a) replace the same at Lessee's sole cost and expense with equipment or facilities of equal or greater value to the Operating Facilities immediately prior to the time of the loss occurrence, such replacement equipment or facilities to be subject to Lessor's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement, or (b) pay the applicable Prepayment Price. Lessee shall notify Lessor of which course of action it will take within 60 days after the loss occurrence. If Lessee fails or refuses to notify Lessor within the required period, Lessor may, at its option, declare the applicable Prepayment Price immediately due and payable and Lessee shall be obligated to pay the same. The Net Proceeds of all insurance payable with respect to the Operating Facilities shall be paid to Lessor and shall be available to Lessee and shall be used to discharge Lessee's obligations under this Section. Any excess after such payment shall be returned to Lessee. On payment of the Prepayment Price this Lease shall terminate and Lessee thereupon shall become entitled to the Operating Facilities AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that the Operating Facilities shall not be subject to any lien or encumbrance created by or arising through Lessor.

Section 6.7 Condemnation.

(a) In the event of a Condemnation of all or substantially all of the Operating Facilities, this Lease shall terminate on the date of such Condemnation and the Rental Payments and all other sums and charges required to be paid by the Lessee hereunder shall be apportioned and paid to such date and, except as provided in this Section, neither party shall have any further obligations hereunder. In the event of any such Condemnation, the Lessee and the Lessor shall together make one claim for an award for their combined interests in the Operating Facilities and the net award received (after deduction of reasonable fees and expenses of collection, including, but not limited to, reasonable attorneys' and experts' fees) shall be paid to the Lessor and applied to payment of Lessee's obligations hereunder. Any excess after such payment shall be returned to Lessee.

(b) Unless the Lessee exercises its right to terminate under Section 6.7(a), in the event of a Condemnation of less than all or substantially all of the Operating Facilities, this Lease shall continue in full force and effect, and the Lessee shall at its expense proceed with reasonable diligence to commence and complete restoration of the Operating Facilities in accordance, as near as is practicable, with the Plans and Specifications. In the event of any such Condemnation, the Lessee and the Lessor shall together make one claim for an award for their combined interests in the Operating Facilities and the net award received (after deduction of reasonable fees and expenses of collection, including, but not limited to, reasonable attorneys' and experts' fees) shall be paid to the Lessor. Any excess after such payment shall be returned to Lessee. Unless the Lessee elects to terminate this Lease under Section 6.7(a), the award or portion thereof paid to the Lessor shall be used in restoration of the Operating Facilities.

(c) Except as otherwise expressly provided herein, no Condemnation shall entitle or permit the Lessee to surrender or terminate this Lease or shall relieve the Lessee from its liability to pay in full the Rental Payments and other sums and charges payable by the Lessee hereunder, or from any of its other obligations under this Lease, and the Lessee waives any rights now or hereafter conferred upon it by statute or otherwise to surrender this Lease or quit or surrender the Operating Facilities or any part thereof, or to receive any suspension, diminution, abatement or reduction of the Rental Payments or other sums and charges payable by the Lessee hereunder on account of any such Condemnation.

ARTICLE VII – OTHER OBLIGATIONS OF LESSEE

Section 7.1 Use; Permits. Lessee shall exercise due care in the installation, use, operation and maintenance of the Operating Facilities, and shall not install, use, operate or maintain the Operating Facilities improperly, carelessly, in violation of any applicable State and Federal Law or for a purpose or in a manner contrary to that contemplated by this Lease. Lessee shall comply with all State and Federal Laws applicable to the installation, operation, possession and use of the Operating Facilities. If compliance with any State and Federal Law requires changes or additions to be made to the Operating Facilities, such changes or additions shall be made by Lessee at its expense.

Section 7.2 Maintenance of Operating Facilities by Lessee. Lessee shall, at its own expense, maintain, preserve and keep the Operating Facilities in good repair, working order and condition, and shall from time to time make all repairs and replacements necessary to keep the Operating Facilities in such condition. Lessor shall have no responsibility for any of these repairs or replacements.

Section 7.3 Taxes, Other Governmental Charges and Utility Charges. (a) Except as expressly limited by this Section, Lessee shall pay all taxes and other charges of any kind whatsoever which are at any time lawfully assessed or levied against or with respect to the Operating Facilities, the Rental Payments or any part thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor. Lessee shall also pay when due all gas, water, steam, electricity, heat, power, telephone, and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Operating Facilities, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Operating Facilities; provided that with respect to special assessments or

other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term as and when the same become due. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate or other similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu of or as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

(b) Lessee may, at its own expense and in its own name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the interest of Lessor in the Operating Facilities will be materially endangered or the Operating Facilities or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay such taxes, assessments, utility or other charges or provide Lessor with full security against any loss which may result from nonpayment, in the form satisfactory to Lessor.

Section 7.4 Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the Default Rate.

Section 7.5 Reports to Lessor. Lessee agrees to provide Lessor its annual financial statements for each fiscal year (ending December 31) during the Lease Term, as soon as they are available, commencing with fiscal year ending December 31, 2023. Lessee also agrees to provide Lessor with proof of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of Lessee to continue to pay the Rental Payments as may be requested by Lessor or its assignee.

Section 7.6 Other Obligations. Lessee agrees that Lessee is obligated to and shall perform all obligations of the owner of the Operating Facilities under, and pay all expenses which the owner of the Operating Facilities may be required to pay in accordance with, any other requirement imposed upon the Operating Facilities or related to the operation thereof not covered by the express provisions of this Lease, and that Lessee shall comply with all of the terms and conditions of any such requirements during the term of this Lease. Lessee further covenants and agrees to indemnify and hold harmless Lessor against any claim, loss or damage suffered by Lessor by reason of Lessee's failure to perform any obligations or pay any expenses as may be required under any such requirements or obligations.

ARTICLE VIII – TITLE

Section 8.1 Title. During the term of the Primary Lease, Lessee's interest in the Operating Facilities and any and all repairs, replacements, substitutions and modifications to it shall remain subject to the interest of the Lessor as described in the Primary Lease. Upon termination of this Lease pursuant to Section 4.2, clauses (a) or (c) and the exercise by Lessee of its option to purchase under Section 4.3, Lessor's interest in the Operating Facilities shall

terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the termination of Lessor's interests in the Operating Facilities.

Section 8.2 Security Interest. Lessor is granted and shall have and retain a security interest under the Uniform Commercial Code in the Project Equipment, the proceeds thereof and all repairs, replacements, substitutions and modifications thereto or thereof pursuant to Section 8.5, in order to secure Lessor's payment of all Rental Payments and the performance of all other obligations herein to be performed by Lessee. Lessee will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may reasonably request to establish and maintain a valid security interest in the Project Equipment.

Section 8.3 Liens and Encumbrances.

(a) During the Lease Term, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or within respect to the Operating Facilities, other than the respective rights of Lessor and Lessee as herein provided, and Permitted Encumbrances. Except as expressly provided in Sections 7.3, 8.5 or elsewhere in this Article, Lessee shall promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) The Lessor at the request of the Lessee from time to time shall grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the Operating Facilities which shall be reasonably necessary or may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration, and the Lessor agrees that it shall execute and deliver any instrument necessary or appropriate to grant or release any such easement, license, right-of-way or other right or privilege upon receipt of: (a) a copy of the instrument of grant or release, and (b) a written application signed by the Lessee's Clerk-Treasurer requesting such instrument, and certifying that in his or her opinion such grant or release is not detrimental to the proper use or operation of the Operating Facilities.

Section 8.4 Installation of Lessee's Equipment. Lessee may at any time and from time to time, in its sole discretion and at its own expense, install other items of equipment or improvements in or upon the Operating Facilities, which items shall be identified by tags or other symbols affixed thereto as property of Lessee. All such items so identified shall remain the sole property of Lessee, in which Lessor shall have no interest, and may be modified or removed by Lessee at any time provided that Lessee shall repair and restore any and all damage to the Operating Facilities resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent Lessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease-purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Operating Facilities.

Section 8.5 Modification of Operating Facilities. Lessee shall at its own expense, have the right to make repairs to the Operating Facilities, and to make repairs, replacements,

substitutions and modifications to all or any part of the parts thereof. All such work and any part or component used or installed to make a repair or as a replacement, substitution or modification, shall thereafter comprise part of the Operating Facilities and be subject to the provisions of this Lease. Such work shall not in any way damage the Operating Facilities or cause them to be used for purposes other than those authorized under the provisions of State and Federal Law or those contemplated by this Lease; and the Operating Facilities, upon completion of any such work shall be of a value which is not less than the value of the Operating Facilities immediately prior to the commencement of such work. Any property for which a replacement or substitution is made pursuant to this Section may be disposed of by Lessee in such manner and on such terms as are determined by Lessee. Lessee will not permit any mechanic's or other lien to be established or remain against the Operating Facilities for labor or materials furnished in connection with any repair, replacement, substitution or modification made by Lessee pursuant to this Section; provided that if any such lien is established and Lessee shall first notify Lessor of Lessee's intention to do so, Lessee may in good faith contest any lien filed or established against the Operating Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period such contest and any appeal therefrom unless Lessor shall notify Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the interest of Lessor in the Operating Facilities will be materially endangered or the Operating Facilities or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide Lessor with full security against any such loss or forfeiture, in form satisfactory to Lessor. Lessor will cooperate fully with Lessee in any such contest.

Section 8.6 Condition of Title. Lessor provides no warranties or representations concerning title to the Operating Facilities. Lessor assumes no obligation to perform any acts or to pay for any expenses incurred in connection with possible title deficiencies concerning the Operating Facilities.

ARTICLE IX – WARRANTIES

Section 9.1 Construction and Selection of Fixtures and Equipment. The Lessee has selected each contractor to construct improvements on the Operating Facilities and the fixtures and equipment therein. Lessor shall have no responsibility in connection with the selection of such items or their suitability for the use intended by Lessee.

Section 9.2 Disclaimer. LESSOR HAS NOT MADE AND WILL NOT MAKE ANY INSPECTION OF ANY OF THE LEASED FACILITIES, AND LESSOR LEASES AND WILL LEASE AND LESSEE TAKES AND WILL TAKE THE LEASED FACILITIES "AS IS," AND LESSEE ACKNOWLEDGES THAT LESSOR (WHETHER ACTING AS LESSOR HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LESSOR BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED FACILITIES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO ITS FITNESS FOR USE OR PURPOSE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, AS TO LESSOR'S TITLE THERETO, OR AS TO VALUE, COMPLIANCE WITH SPECIFICATIONS, LOCATION, USE, CONDITION,

MERCHANTABILITY, QUALITY, DESCRIPTION, DURABILITY OR OPERATION, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY LESSEE. Lessee acknowledges that the Operating Facilities are of its selection and to its specifications, and that the Operating Facilities have been inspected by Lessee and are satisfactory to it. In the event of any defect or deficiency in any of the Operating Facilities of any nature, whether patent or latent, Lessor shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages (including strict liability in tort). The provisions of this Section 9.2 have been negotiated, and the foregoing provisions are intended to be a complete exclusion and negation of any warranties by Lessor, express or implied, with respect to any of the Operating Facilities, arising pursuant to the uniform commercial code or any other law now or hereafter in effect or otherwise.

ARTICLE X – PURCHASE OPTION

Section 10.1 When Available. Lessee shall have the option to purchase Lessor's interest in the Operating Facilities on any business day, at the Prepayment Price, but only if Lessee is not in default under this Lease, and only in the manner provided in this Article.

Section 10.2 Exercise of Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than 10 days prior to the date on which the option is to be exercised and shall deposit with Lessor on the date of prepayment an amount equal to all unpaid Principal and accrued interest to the date of prepayment and any other amounts then due or past due.

Section 10.3 Release of Lessor's Interest. Upon exercise of the prepayment option and option to purchase by Lessee, Lessor shall, at Lessee's cost, convey or release to the Lessee all of its right, title and/or interest in and to the Operating Facilities by delivering to Lessee such documents as Lessee reasonably deems necessary to terminate the rights of the Lessor hereunder and the Lessee shall deliver to Lessor a termination of the Primary Lease.

ARTICLE XI – ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1 Assignment by Lessor. All of Lessor's rights, title and/or interest in and to: (a) this Lease, (b) the Rental Payments, (c) other amounts due hereunder and (d) the Operating Facilities may be assigned and reassigned in whole, but not in part, to one or more assignees or subassignees by Lessor at any time, without the consent of Lessee. No such assignment shall be effective as against Lessee unless and until the assignor shall have filed with Lessee a copy or written notice thereof identifying the assignee by name, address, telephone number and contact person. Lessee shall pay all Rental Payments to the Lessor or at the written direction of Lessor to the assignee named in the most recent assignment or notice of assignment filed with Lessee. During the Lease Term, Lessee shall keep a complete and accurate record of all such assignments.

Section 11.2 Assignment and Subleasing by Lessee. Neither this Lease nor Lessee's interest in the Operating Facilities may be assigned by Lessee without the written consent of Lessor. However, the Operating Facilities may be subleased by Lessee, in whole or in part, with the prior written consent of Lessor, which consent will not unreasonably be withheld, subject to each of the following conditions:

(a) This Lease and the obligation of Lessee to make Rental Payments shall remain obligations of Lessee.

(b) The sublessee shall assume the obligation of Lessee hereunder to the extent of the interest subleased.

(c) Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to Lessor a true and complete copy of such sublease.

(d) No sublease by Lessee shall cause the Operating Facilities to be used for a purpose other than a governmental function authorized under the provisions of the Constitution and the laws of the State.

(e) No sublease shall cause the Interest to become includible in gross income of the recipient for federal income tax purposes.

Short term rentals (rentals for less than a 30-day period) of the Operating Facilities by the lessee shall not be considered a sublease for purposes of this Lease.

Section 11.3 Restriction on Mortgage or Sale of Operating Facilities by Lessee. Except as provided in Section 11.2, Lessee will not mortgage, sell, assign, transfer or convey the Operating Facilities or any portion thereof during the Lease Term, or remove the same from its boundaries, without the written consent of Lessor.

ARTICLE XII – EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default Defined. (a) The following shall be “events of default” under this Lease and the terms “events of default” and “default” shall mean, whenever they are used in this Lease, with respect to the Operating Facilities, any one or more of the following events:

(i) Except as permitted by Section 12.7 hereof, failure by Lessee to pay any Rental Payment or other payment required to be paid under this Lease at the time specified herein and the continuation of said failure for a period of five days after written notice, telephonic notice or notice by facsimile transmission given by Lessor to Lessee that the payment referred to in such notice has not been received, provided that such telephonic notice or notice by facsimile transmission must be subsequently confirmed in writing.

(ii) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by Lessee of a voluntary petition in bankruptcy; failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental or proprietary function or adjudication of Lessee as a bankrupt; assignment by Lessee for the benefit of creditors; the entry by Lessee into an agreement of composition with creditors; or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceedings instituted under the provisions of the Federal Bankruptcy Statute, as amended, or under any similar acts which may hereafter be enacted.

(b) The provisions of this Section 12.1 and Section 12.2 are subject to the following limitation: if by reason of force majeure Lessee is unable in whole or in part to carry out its obligations under this Lease with respect to the Operating Facilities, other than its obligation to pay Rental Payments with respect thereto, which shall be paid when due notwithstanding the provisions of this paragraph, Lessee shall not be deemed in default during the continuance of such inability, provided that such inability does not continue for more than 180 days. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out its obligations under this Lease; provided that the settlement of strikes, lockouts and other labor disturbances shall be entirely within the discretion of Lessee and Lessee shall not be required to make settlement of strikes, lockouts and other labor disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of Lessee unfavorable to Lessee.

Section 12.2 Remedies on Default. Whenever any event of default referred to in Section 12.1 hereof shall have happened and be continuing, Lessor shall have the right, at its option and without further demand or notice, to take one or any combination of the following remedial steps:

(a) Lessor, with or without terminating this Lease, may declare all Rental Payments due or to become due during the Term of the Lease to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.

(b) Lessor, with or without terminating this Lease, may repossess the Operating Facilities or any portion thereof by giving Lessee written notice to vacate the Operating Facilities, whereupon Lessee shall do so in the manner provided in Section 12.3. In the event Lessee fails to do so within ten days after receipt of such notice, Lessor may enter upon the Operating Facilities and take possession of the Operating Facilities and charge Lessee for costs incurred in repossessing such portion of the Operating Facilities, including reasonable attorneys' fees. Lessee expressly waives any damages occasioned by such repossession.

(c) If Lessor terminates this Lease and takes possession of the Operating Facilities or any portion thereof, Lessor shall have the right to lease Lessor's interests in the Operating Facilities or any portion thereof, subject to the City's fee simple title interest therein, in a commercially reasonable manner at public or private sale in accordance with applicable State laws, and Lessee agrees to use its best efforts to assist Lessor in so doing. Lessor shall apply the proceeds of such sale to pay the following

items in the following order (i) all costs incurred in securing possession of the Operating Facilities; (ii) all expenses incurred in completing the sale; and (iii) the balance of any accrued Rental Payments owed by Lessee.

(d) Lessor may, subject to the notice requirements of this Lease, require Interest to be paid at the Default Rate.

(e) Lessor may take any other remedy available at law or in equity to require Lessee to perform any of its obligations hereunder.

In no event, however, shall Lessee be liable under this Article XII or any other provisions of this Lease for Rental Payments (or the equivalent thereof) in excess of the monies appropriated by it on a yearly basis (other than for any additional Rental Payments due if Lessee occupies the Operating Facilities after termination of the Lease).

Section 12.3 Return of Operating Facilities. Upon the termination of this Lease prior to the payment of all Rental Payments, Lessee shall vacate the Operating Facilities in the condition, repair, appearance and working order required in Section 7.2, reasonable wear and tear, damage by the elements and insured damage excepted, in the following manner as may be specified by Lessor:

(a) by executing such documents as Lessor reasonably deems necessary to transfer all of Lessee's right, title and interest under this Lease in and to the Operating Facilities to Lessor, and

(b) by paying all reasonable costs and expenses, whether incurred by Lessor or Lessee (including attorneys' fees), with respect to such transfer of the Operating Facilities; provided that nothing herein shall limit the rights of the City as fee owner of the Land subject to the rights of Lessor under the Primary Lease.

If Lessee refuses to return the Operating Facilities in the manner designated, Lessor may repossess the Operating Facilities and charge to Lessee the costs of such repossession or pursue any remedy described in Section 12.2.

Section 12.4 No Remedy Exclusive. No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease. 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 by any such right and power may be exercised from time to time as often as may be deemed expedient by Lessor or its assignee.

Section 12.5 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys and/or incur other expenses for the collection of monies or for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and/or such other reasonable expenses so incurred by the nondefaulting party. In the event that legal proceedings relating to

this Lease (but not including an action by a defaulting party against a nondefaulting party) are commenced in any court or before any other tribunal of competent jurisdiction, the reasonable legal fees and other reasonable costs and expenses of the prevailing party shall be paid by the nonprevailing party on demand of the prevailing party.

Section 12.6 Late Charges. Whenever any event of default referred to in Section 12.1(a), clause (i) hereof shall have happened and be continuing with respect to the Operating Facilities, Lessor shall have the right, at its option and without any further demand or notice, to require a late payment charge for each 30-day period or part thereof during which such event of default occurs, equal to 5% of the delinquent amount, and Lessee shall be obligated to pay the same immediately upon receipt of Lessor's written invoice thereof; provided, however, that this Section 12.6 shall not be applicable if or to the extent that the application thereof would affect the validity of this Lease.

Section 12.7 Non-Appropriation of Funds.

(a) Notwithstanding any provision in the Lease to the contrary, in the event that no funds or insufficient funds are appropriated by Lessee's governing body for the next Fiscal Year for the deposits required under Section 5.2(a) or Rental Payments, this Lease shall terminate the end of such Fiscal Year on the last day of the Fiscal Year for which appropriations were received and Lessee shall surrender the Operating Facilities to Lessor, and cancel this Lease by a notice to such effect served not less than 30 days prior to the end of the Lessee's Fiscal Year.

(b) Lessee and Lessor acknowledge and agree that the Rental Payments shall constitute currently budgeted expenditures of Lessee from its general fund. Lessee's obligations under this Lease shall be subject to Lessee's annual right to terminate this Lease, and shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as creating a general obligation or other indebtedness of Lessee within the meaning of any constitutional or statutory debt limitation. This Lease shall not directly or indirectly obligate Lessee to make any payments beyond those budgeted and appropriated from its general fund for Lessee's then current Fiscal Year. Lessee shall be under no obligation whatsoever to exercise its option to purchase the Operating Facilities. No provision of this Lease shall be construed to pledge or create a lien on any class or source of Lessee moneys or revenues.

Section 12.8 Non-Substitution. Notwithstanding the foregoing, Lessee agrees that during the Lease Term and in the event of the termination of this Lease as the result of nonappropriation of funds pursuant to Section 12.7, to the extent permitted by law and to the extent it would not obviate Lessee's right to terminate this Lease, Lessee shall not expend any monies or agree to do so in order to obtain by lease or purchase facilities functionally similar to the Operating Facilities, or to obtain the right to the use of such functionally similar facilities owned and operated by any other person, if the purpose of Lessee in doing so is the achievement of cost reductions or avoidance of Rental Payments; provided, however, that such agreement on the part of the Lessee shall not be construed or applied in a manner that would result in Lessee's being prohibited from obtaining such use of facilities or services as it requires in order to fulfill duties and public functions imposed on it by law.

ARTICLE XIII – ADMINISTRATIVE PROVISIONS

Section 13.1 Notices. Notwithstanding any provision in this Lease to the contrary, all notices, certificates, legal opinions or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered form with postage fully prepaid to the addresses specified below; provided, that Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinion or other communication will be sent.

Lessor: Vergas State Bank
Attn: President
106 East Main Street
P.O. Box 67
Vergas, Minnesota 56587

Lessee: City of Vergas
Attention: Clerk-Treasurer
111 Main Street
P.O. Box 32
Vergas, Minnesota 56587-0032

Section 13.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.3 Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4 Amendments, Changes and Modification. This Lease may be amended or any of its terms modified only by written document duly authorized, executed and delivered by Lessor and Lessee.

Section 13.5 Captions. The captions or headings in this Lease are for convenience only and in no way defend, limit or describe the scope or intent of any provisions, articles, sections or clauses of this lease.

Section 13.6 Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Operating Facilities leased or intended so to be and for carrying out the expressed intention of this Lease, including revisions to Exhibit B hereto, in the event Lessee makes a partial prepayment of Principal.

Section 13.7 Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.8 Applicable Law. This lease shall be governed by and construed in accordance with the laws of the State.

Section 13.9 Anti-Discrimination. Lessor agrees not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, sexual orientation or physical defect or disability with regard to but not limited to employment, upgrading, promotion or transfer, recruitment or recruitment advertising, layoffs or termination or selection for training. It is further understood that any Lessor in violation of this clause shall be barred forthwith from receiving awards of any purchase order from the Lessee unless a satisfactory showing is made that the discriminatory practices have been terminated and that a recurrence of such acts is unlikely.

Section 13.10 No Merger. There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Land by reason of the fact that the same person acquires or holds, directly or indirectly, this Lease or the leasehold estate hereby created or any interest herein or in such leasehold estate as well as either or both (a) the leasehold estate thereby created or any interest in such leasehold estate or (b) the fee estate and the Land or any interest in such fee estate.

Section 13.11 The Lessor and the Lessee Representatives. Whenever under the provisions of this Lease the approval of the Lessor or the Lessee is required, or the Lessor or the Lessee is required to take some action at the request of the other, such approval of such request shall be given for the Lessor by one of its officers, for the Lessee by one of its officers and any party hereto shall be authorized to rely upon any such approval or request.

(remainder of page intentionally left blank)

CITY OF VERGAS, MINNESOTA

By _____
Mayor

By _____
Clerk-Treasurer

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

This instrument was acknowledged before me on _____, 2023, by Julie Bruhn and Julie Lammers, the Mayor and Clerk-Treasurer, respectively, of the City of Vergas, on behalf of the City.

Notary Public

(Signature page to Lease-Purchase Agreement between Vergas State Bank, as Lessor, and the City of Vergas, as Lessee)

EXHIBIT A
DESCRIPTION OF THE LAND

[INSERT LEGAL DESCRIPTION OF PROPERTY]

EXHIBIT B
RENTAL PAYMENTS

The Rental Payments shown in the following table are subject to adjustment based on any prepayment of Principal: Annually, on the anniversary date of this Lease, if the Lessee has made any prepayments in the preceding 12-month period, the Rental Payments will be adjusted to amortize the Principal amount then outstanding over the remaining term of the foregoing Lease, and this Exhibit B will be revised and replaced as provided in Section 5.3 thereof.

PRIMARY LEASE

BETWEEN THE

CITY OF VERGAS, MINNESOTA

AS LESSOR

AND

VERGAS STATE BANK

AS LESSEE

Dated as of October ____, 2023

This instrument was drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.
302 West Superior Street, Suite 700
Duluth, Minnesota 55802

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This PRIMARY LEASE (the “Primary Lease”), dated as of October __, 2023, by and between the CITY OF VERGAS, MINNESOTA, a municipal corporation and political subdivision organized under Minnesota Statutes, 412.211, as lessor (the “City” or the “Lessor”), and VERGAS STATE BANK, a Minnesota banking corporation (the “Bank” or the “Lessee”).

W I T N E S S E T H:

In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I – DEMISE OF LAND AND WARRANTIES

Section 1.01 Demise. Subject to and upon the terms, conditions, covenants and undertakings hereinafter set forth, the City leases to the Bank, and the Bank leases from the City, the land described on Exhibit A attached hereto (the “Land”) and the other Operating Facilities as defined in the Lease-Purchase Agreement dated the date hereof between the Bank as lessor and the City as lessee.

Section 1.02 City’s Warranties. The City covenants and warrants to the Bank:

(a) that the City, with the approval of the City Council of the City, has authority to enter into, execute and deliver this Primary Lease, and has duly authorized the execution and delivery of this Primary Lease;

(b) that the Land is properly zoned for the purposes of the City’s proposed new emergency services facility that will house the fire department and ambulance services; and

(c) that the City, with the approval of the City Council of the City, has authority to enter into, execute and deliver the Lease-Purchase Agreement between the Bank, as lessor, and the City, as lessee, dated the date hereof (the “Lease-Purchase Agreement”), and has duly authorized the execution and delivery of the Lease-Purchase Agreement.

Section 1.03 The Bank’s Warranties. The Bank covenants and warrants to the City that the Bank has authority to enter into, execute and deliver this Primary Lease and the Lease-Purchase Agreement, and has duly authorized the execution and delivery of this Primary Lease and the Lease-Purchase Agreement.

Section 1.04 Environmental Indemnification Factors. The City agrees to indemnify and hold the Bank harmless from and against any notice, claim, loss, demand, complaint or action from any governmental agency or office or from any third party for the payment of damages, costs or expenses relating to any environmental condition to the Land including, but not limited to, disposal or remedial action pursuant to federal, state or local law, and legal, engineering, testing and other fees.

ARTICLE II – TERM AND RENT

Section 2.01 Term. The term of this Primary Lease shall commence as of the day and year first above written, and shall end 20 years from such date, subject to earlier termination as provided in the Lease-Purchase Agreement.

Section 2.02 Rent. The rent shall be ten dollars payable in one installment in advance on the date hereof.

Section 2.03 Lease-Purchase Agreement. In further consideration of the authorization, execution and delivery of this Primary Lease by each of the parties, and the advancement of monies under the Lease-Purchase Agreement, the parties have entered into the Lease-Purchase Agreement and agreed to carry out and perform their respective obligations thereunder.

ARTICLE III – USE OF LAND; ADDITIONAL COVENANTS

Section 3.01 Use. The Bank shall not use the Land for any unlawful purpose. If the Lease-Purchase Agreement is terminated pursuant to Sections 12.2 or 12.7 thereof, this Primary Lease shall remain in force and the Bank may use the Operating Facilities for any lawful purpose, subject to any restrictions on use that constitute a Permitted Encumbrance.

Section 3.02 Quiet Enjoyment. The City covenants that upon the Bank's paying the rent reserved herein, and performing all conditions and covenants set forth in this Primary Lease and the Lease-Purchase Agreement, the Bank shall and may peaceably have, hold and enjoy the Land for the term of this Primary Lease. The Bank covenants that upon expiration of this Primary Lease, either on the date specified in Section 2.01 hereof or earlier pursuant to the terms of the Lease-Purchase Agreement, it shall give the City peaceable possession of the Operating Facilities.

Section 3.03 Assignment. The Bank shall have the right to assign its interest in this Primary Lease, subject to Permitted Encumbrances, so long as the Lease-Purchase Agreement is in effect.

Section 3.04 Additional Covenants.

(a) In the event that any person or entity, however organized (other than the Bank or any assignee of the Bank), shall be determined to hold any interest that in any manner affects the City's or the Bank's interest in the Land (other than the Permitted Encumbrances) (such interest referred to herein as an "Adverse Interest"), the City shall use its best efforts to acquire the Adverse Interest, such acquisition to be made at the City's sole cost and expense.

(b) In the event that any person or entity, however organized (other than the Bank or an assignee of the Bank), shall claim any interest that in any manner would, if such claim were determined to be valid, affect the City's or the Bank's interest in the Land (other than the Permitted Encumbrances), the City shall take such action, if any, that it and the Bank deem reasonably necessary to protect their respective interests in the Land.

(c) The City agrees to save and keep harmless the Bank, or any assignee of the Bank, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatever kind and nature, imposed on, incurred by or asserted against the Bank, or any assignee of the Bank, that in any way relate to or arise out of the assertion of any interest affecting the City's good and marketable title to the Land (other than the Permitted Encumbrances) by any person or entity, however organized (other than the Bank or any assignee of the Bank).

ARTICLE IV – DEFAULTS; REMEDIES

Section 4.01 Defaults. The following shall be an “event of default” or a “default” hereunder: (a) if the Bank shall fail to observe or perform any of the obligations of the Bank provided herein; or (b) if the City fails to observe or perform any of the obligations of the City provided herein.

Section 4.02 Remedies.

(a) Upon the occurrence of an event of default by the Bank hereunder, which shall remain uncured for 30 days after receipt by the Bank of written notice of such event of default from the City, the City may thereafter or any time subsequent thereto during the existence of such breach or default: (1) enter into and upon the Land and repossess the same, expelling and removing therefrom all persons and property, and (2) terminate this Primary Lease, holding the Bank liable for damages for its breach.

(b) Upon the occurrence of an event of default by the City, which shall remain uncured for 30 days after receipt by the City of written notice of such event of default from the Bank, the Bank may thereafter or any time subsequent thereto during the existence of such breach or default take whatever legal action or may appear necessary or desirable to enforce any obligation, covenant or agreement of the City under this Primary Lease, including, without limitation, bringing an action for damages against the City.

ARTICLE V – ADMINISTRATIVE PROVISIONS

Section 5.01 Binding Effect. This Primary Lease shall be binding upon, and inure to the benefit of, the parties hereto, and their successors and assigns.

Section 5.02 Applicable Law. This Primary Lease shall be interpreted and enforced in accordance with the laws of the State of Minnesota.

Section 5.03 Definitions. Capitalized terms not otherwise defined herein or required to be capitalized by the rules of grammar have the meanings given in the Lease-Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Primary Lease as of the date first written above.

CITY OF VERGAS, MINNESOTA

By _____
Mayor

By _____
Clerk-Treasurer

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

This instrument was acknowledged before me on _____, 2023, by Julie Bruhn and Julie Lammers, the Mayor and Clerk-Treasurer, respectively, of the City of Vergas, on behalf of the City.

Notary Public

(Signature page to Primary Lease between the City of Vergas, as Lessor, and Vergas State Bank, as Lessee)

VERGAS STATE BANK
as Lessor

By _____
Its _____

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

 This instrument was acknowledged before me on October ____, 2023, by
_____, the Senior Vice President of Vergas State Bank, a Minnesota banking
corporation, on behalf of the corporation.

Notary Public

(Signature page to Primary Lease between the City of Vergas, as Lessor, and Vergas State Bank,
as Lessee)

EXHIBIT A
Legal Description of the Land

[INSERT PROPERTY LEGAL DESCRIPTION]

Proposed Budget for Government Services Center:

Remodeling Costs: \$29,000.00

Office Furniture: 5,000.00

Total Expenses: \$34,000.00

Safety Grant: \$10, 000.00

Total Cost to City \$24,000.00

City Council
2023 October Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, October 10, 2023

8. Committee Reports

- A. Water and Sewer Committee
 - 1. SCADA Systems
 - 2. Utility Billing Systems
 - 2. 2024 Water and Sewer Fees
- B. Planning Commission

Files Attached

- quote 4754 rev 1 insight addition to water system vergas mn.pdf
- quote 4753 lift station insight addition vergas mn.pdf
- Munibilling City of Vergas MN - SaaS (1).pdf
- 09-25-2023 Planning Commission Meeting Agenda Minutes.pdf
- 10_06_2023 Water-Sewer Committee Meeting.pdf

September 15, 2023

Mr. Mike Dufrane
City of Vergas, MN

Rev -1 - Quote Number: QUO-04754-W2B5R9

RE: Insight Addition to Water System
Vergas, MN

Mike,

We propose to supply the following equipment and services for the above referenced project

SCADA Web Insight System

- One (1) Modifications to the existing WTP Control Panel including:
One (1) Insight™ System with one (1) year cellular and communication services
One (1) Lot power supplies, terminal blocks, and interfacing relays
One (1) UPS System

Supplied by SCC but installed by others

- One (1) Antenna w/cable

Total lump sum price.....\$ 11,600.00

Adder Option

- One (1) Programming additions to the PLC program and Insight System to add flow meter.

Supplied by SCC but installed by others

- One (1) 6" Flow Meter with Integral Transmitter

Total lump sum adder price.....\$ 5,400.00

Insight™ SCADA Web site and cellular service will be a re-occurring monthly fee of \$45.00 per site.

Above pricing is contingent upon receiving the PLC password currently locked out on the Micrologix 1400 program. A request is required by the city of Vergas by email. No programming changes can be made at this time.

Insight SCADA features:

- Alarms sent via text, voice, or email

- Alarms sent to unlimited users
- Acknowledgment of Alarms stamped by logged in user.
- Web site to view Alarms, Set up Alarms, and Turn On/Off
- Full Control start/stop of equipment
- Trending
- Reports
- Remote Access by SCC for troubleshooting assistance

Pricing does not include inspections, installation unless specifically stated, conduit, field wiring or applicable taxes. If the cellular antenna's do not have sufficient signal strength when mounted inside of the enclosure the services to provide conduit, wire, and mounting of cellular antenna to the outside of a building(s) or structure(s) is not included in the above quotation.

By accepting this quotation you agree to our terms and conditions. Pricing will be honored for 60 days from above quoted date.

If you have any questions or comments, please feel free to contact me at 1-800-743-6536.

Sincerely,

Mike Phillips

Mike Phillips | mphillips@sweeneycontrols.com

Contract Acceptance:

By signing below, or by returning your executed purchase order on these same terms, you have accepted the foregoing Scope Letter and the attached Terms and Conditions and this document becomes a legal and binding contract between the parties.

Selected Option(s):

☐ Option Adder – 6" Flow Meter

By: _____

Print name: _____

Its: (title) _____

Date: _____

SWEENEY CONTROLS COMPANY – TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS: Any order submitted by a customer of Sweeney Controls Company shall be expressly conditioned upon these terms and conditions. No changes or modifications to these terms and conditions shall be binding unless put into a writing signed by both parties. If the agreed change results in greater or lesser cost, Sweeney Controls Company's compensation for the order will be adjusted accordingly.

These terms and conditions, along with the attached proposal, constitute the entire integrated agreement between Sweeney Controls Company and the customer for the services, deliverables and the project. These terms supersede all previous and contemporaneous agreements, proposals and representations, written or oral, concerning such matters. Any additional, conflicting or inconsistent customer terms (whether set forth in a request for proposals, purchase order or acknowledgement or in any other document) are expressly rejected by Sweeney Controls Company and are not a part of the agreement for the project.

PAYMENT: Our terms of payment are as follows: 10% due upon approval of submittals for the project, 80% due upon delivery of the equipment, and 10% due after successful completion of start-up. All product delivery terms are FOB shipping point, all payments are due NET 45 days, and any balance remaining due 46 days beyond the invoice date will be subject to a 1.5% monthly service charge until paid. The credit terms described herein are subject to Sweeney Controls Company's continuing approval of customer's credit, and Sweeney Controls Company at any time may withdraw its extension of credit and require modified payment terms (including pre-payment for services and/or for production of equipment) if Sweeney Controls Company determines in good faith that its right to payment for the applicable order(s) is not secure and the customer fails to promptly provide adequate assurances of its ability to make timely payment of all amounts due for such order(s).

It is specifically agreed and understood that this proposal is submitted with the understanding that Sweeney Controls Company shall be paid for its work and products in accordance with the terms above, regardless of whether or not the customer has been paid pursuant to any contract it may have with the project owner, a prime contractor or other contractors on the project. Sweeney Controls Company shall not be held responsible for, and shall not accept any back charge for, liquidated damages resulting from failure of the customer to complete the project contract on time, or any extra engineering costs necessitated by the continuance of work beyond the specified completion date.

CHANGES, CANCELLATIONS AND RETURNS: All changes, cancellations, or returns must have Seller's prior written approval and are conditional on compliance with manufacturer's cancellation/return policies and subject to restocking fees and service charges. Authorized returned equipment must be packaged and shipped prepaid to manufacturer. Sweeney Controls Company must be notified in writing of accepted changes in scope; verbal change in scope will not be accepted. Sweeney Controls Company will advise the customer of any revisions in the price and/or deliver schedule.

LIMITED WARRANTY: Sweeney Controls Company warrants to the original purchaser that the product or services delivered herewith, to the extent the product has been manufactured by Sweeney Controls Company, will at the time of delivery comply with the material aspects the design specifications set out in the attached proposal and be free from material defects in material and workmanship and, for a period of one year from the date of purchase under normal use and conditions, will comply with the material aspects of the operational specifications set out in the attached proposal. Products not created by Sweeney Controls Company, but provided under this agreement as a part of the project, are warranted only by, and only to the extent of the express written warranties of, the manufacturer(s) of such products, if any. Services provided by Sweeney Controls Company under this agreement will be provided in accordance with the generally recognized standards in the industry. SWEENEY CONTROLS COMPANY MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, AND ANY OTHER WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE/AGAINST INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE) ARE EXPRESSLY DISCLAIMED BY SWEENEY CONTROLS COMPANY TO THE FULLEST EXTENT PERMITTED BY LAW.

EXCLUSIVE REMEDY: In the event the customer believes Sweeney Controls Company owes a warranty obligation applicable to the product, or has otherwise failed to comply with any other contract obligation, it must notify Sweeney Controls Company in writing within 20 days of its discovery of such obligation and in no event later than 90 days after delivery of the product or services. If Sweeney Controls Company owes a warranty obligation, it will promptly commence to remedy and cure such default upon receipt of such notice from the customer at Sweeney Controls Company's own cost and expense or, at Sweeney Controls Company's option, will refund to the customer the portion of the compensation paid for any defective products or services. Such performance or refund by Sweeney Controls Company is the customer's sole and exclusive remedy in the event of a warranty obligation of Sweeney Controls Company or any other failure of Sweeney Controls Company to comply with its contract obligations. In addition to the foregoing, the customer will inspect all deliverables immediately upon receipt and will report to Sweeney Controls Company any shortages and damages within 3 days of receipt or such claims shall be deemed waived by the customer.

In no event shall Sweeney Controls Company be liable for any incidental, special, punitive or consequential damages of any kind, including, without limitation, loss of use, productivity, reputation, financing, business opportunities or profits, even if Sweeney Controls Company had been advised of the possibility of such damages. MOREOVER, TO THE FULLEST EXTENT PERMITTED BY LAW, REGARDLESS OF THE THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT OR WARRANTY, NEGLIGENCE OR STRICT LIABILITY), IN NO EVENT WILL SWEENEY CONTROLS COMPANY'S TOTAL AGGREGATE LIABILITY RELATED TO THE SERVICES, DELIVERABLES OR THIS AGREEMENT EXCEED THE AMOUNT OF COMPENSATION PAID BY THE CUSTOMER TO SWEENEY CONTROLS COMPANY UNDER THIS AGREEMENT.

LIMITATION, DISCLAIMER, AND EXCLUSION OF WARRANTY: In no event will Sweeney Controls Company be responsible for (a) any modifications to any product made by anyone other than Sweeney Controls Company; (b) damages caused by misuse, negligence, abuse, neglect, accident, or improper operation or improper or insufficient maintenance of any product or defects that arise after the warranty period described herein or for which the customer has failed to provide prompt notice in accordance with these terms and conditions; (c) normal wear and tear; (d) any data loss or corruption or personal information data breach; (e) any alleged defects in any product that arise from Sweeney Controls Company's compliance with designs or other criteria or requirements provided by or through the customer; (f) damage resulting from connection or removal of components/parts of the product; or (g) damages arising from claims of third parties related to or connected with the use or performance of any of deliverables or services provided under the applicable order(s).

INTELLECTUAL PROPERTY RIGHTS: Sweeney Controls Company retains all rights, title and interest in its services and products, including patents and copyrights; however, upon payment of the agreed compensation to Sweeney Controls Company, the customer will be deemed to have been granted a non-exclusive, non-transferable, royalty-free, perpetual license to use the services and products for the purposes contemplated in the attached proposal, except that third-party "shrink-wrapped" software or "off-the-shelf" hardware provided through Sweeney Controls Company will be subject to the customer's compliance, at its own costs, with all applicable manufacturer licensing requirements. Customer may not sell, sublicense, assign or transfer its license to the services and products provided by Sweeney Controls Company without the prior written consent of Sweeney Controls Company, nor may the customer reverse engineer or make derivative works from Sweeney Controls Company's services or products.

EXPORT RESTRICTIONS: Customer acknowledges that the services and products may be subject to export and use restrictions under applicable law, including Export Administration Regulations maintained by the United States Department of Commerce. Customer agrees to comply with all such requirements and to hold Sweeney Controls Company harmless from any violations of such requirements.

FORCE MAJEURE: In the event that performance of the services and/or delivery to the customer of the products is delayed by circumstances beyond the reasonable control of Sweeney Controls Company (including, without limitation, changes to the scope of work, delays by the customer in providing information to Sweeney Controls

Company, fire, natural disasters, civil disturbances, acts of governmental authorities, labor disputes, unavailability of materials or equipment or shipping delays), Sweeney Controls Company will promptly notify the customer of such circumstances in writing and Sweeney Controls Company will be granted an equitable extension of the time to meet its obligations under the proposal.

SWEENEY CONTROLS COMPANY'S STATUS: Sweeney Controls Company is an independent contractor of the customer and will have sole charge over, and be solely responsible for, (a) the payment of its employees and subcontractors and (b) the means, methods, techniques and sequences used in the performance of the services and the creation of its deliverables. Both Sweeney Controls Company and the customer assume that the industrial exemption applies to all services and the proposal, and the customer acknowledges that individuals not licensed as professional engineers may execute some or all of the services and create some or all of the products.

NON-SOLICITATION: To the fullest extent permitted by law, during the course of the performance of this agreement, and for one year thereafter, the customer agrees that it will not hire or retain, or offer to hire or retain, any of Sweeney Controls Company's employees that have been involved in performing the scope of work set forth in the proposal, nor will customer otherwise induce or seek to induce, directly or indirectly, any such Sweeney Controls Company employees to leave Sweeney Controls Company's employment.

DISPUTE RESOLUTION: In the event Sweeney Controls Company and the customer cannot resolve any claim or dispute between them arising out of or related to the proposal, this agreement or the scope of work or project through direct negotiations, such dispute shall be subject to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Such arbitration proceedings will be held in North Dakota before a single arbitrator with experience in resolving disputes arising from information technology services. The prevailing party (as determined by the arbitrator) will be entitled to recover from the other party all costs incurred in resolving the dispute, including reasonable attorneys and expert fees and the costs of arbitration. The arbitrator's award shall be final and may be entered as a judgment in any court with jurisdiction.

SUSPENSION AND TERMINATION: If the customer fails to comply with its obligations under the proposal or these terms and conditions (including, without limitation, the full and timely payment to Sweeney Controls Company), Sweeney Controls Company may provide written notice of such default to the customer and may thereafter suspend further performance until such default is cured by the customer. When such default is cured by the customer, the amount to be paid for the scope of work will be equitably increased to account for Sweeney Controls Company's damages arising from such suspension (including, without limitation, demobilization and remobilization expenses and increased costs of performance) and the time for Sweeney Controls Company to complete the scope of work will be equitably extended to account for such suspension. If the customer fails to cure such default within 30 days of its receipt of such notice from Sweeney Controls Company, the customer cancellation the project, or the customer requests Sweeney Controls Company to stop work Sweeney Controls Company may terminate its agreement with the customer by providing written notice to the customer and in such an event, the customer will pay Sweeney Controls Company for all portions of the scope of work performed (in whole or in part) through the date of such termination, materials purchased (including any restocking charges incurred), Sweeney Controls Company's demobilization expenses and other reasonable termination costs, the amount of expected overhead and profit Sweeney Controls Company would have earned on the cancelled portions of the scope of work if not for the customer's default, and any collection costs incurred by Sweeney Controls Company in obtaining payment for its services and deliverables from customer.

ASSIGNMENT: Neither the customer nor Sweeney Controls Company may assign its respective rights and obligations under their agreement without the written consent of the other party. However, Sweeney Controls Company may subcontract or delegate its work obligations to other persons or entities, but will nonetheless be responsible to the customer for the performance of the work as required by the proposal. Both the customer and Sweeney Controls Company agree that there are no third-party beneficiaries to their agreement.

CHOICE OF LAW: The proposal and these terms and conditions will be governed by the laws of North Dakota and

of the United States of America (including the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.* with respect to the parties' agreement to arbitrate any dispute arising out of or related to this agreement), without regard to rules governing choice or conflict of laws. The customer and Sweeney Controls Company agree that the proposal is predominately for the performance of services, not for the sale of goods, and further agree that the United Nations Convention on Contracts for the International Sale of Goods will not apply to their agreement.

SAVINGS CLAUSE AND WAIVER: If any term of the proposal or these terms and conditions is found to be unenforceable, the remaining terms will remain in effect. The failure of either Sweeney Controls Company or the customer to exercise any rights under their agreement will not be deemed a waiver of such right except as agreed in writing or as otherwise set forth in these terms and conditions.

August 31, 2023

Mr. Mike Dufrane
City of Vergas, MN

Quote Number: QUO-04753-N1L7Q8

RE: Lift Station Insight Addition
Vergas, MN

Mike,

We propose to supply the following equipment and services for the above referenced project

SCADA Web Insight System

- One (1) Modifications to the existing lift station control panel including:
- One (1) Insight™ System w/one year cellular and web service
 - One (1) Lot power supplies, terminal blocks, and interfacing relays
 - One (1) 120v surge suppressor
 - One (1) UPS
 - One (1) Antenna w/cable

Total lump sum price.....\$ 4,525.00

After one (1) year Insight™ SCADA Web site and cellular service will be a re-occurring monthly fee of \$45.00 per site.

Insight SCADA features:

- Alarms sent via text, voice, or email
- Alarms sent to unlimited users
- Acknowledgment of Alarms stamped by logged in user.
- Web site to view Alarms, Set up Alarms, and Turn On/Off
- Full Control start/stop of equipment
- Trending
- Reports
- Monthly State Report
- Remote Access by SCC for troubleshooting assistance

Pricing does not include inspections, installation, conduit, field wiring or applicable taxes.

By accepting this quotation you agree to our terms and conditions. Pricing will be honored for 60 days from above quoted date.

If you have any questions or comments, please feel free to contact me at 1-800-743-6536.

Sincerely,

Mike Phillips

Mike Phillips | mphillips@sweeneycontrols.com

Contract Acceptance:

By signing below, or by returning your executed purchase order on these same terms, you have accepted the foregoing Scope Letter and the attached Terms and Conditions and this document becomes a legal and binding contract between the parties.

Selected Option(s):

By: _____

Print name: _____

Its: (title) _____

Date: _____

SWEENEY CONTROLS COMPANY – TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS: Any order submitted by a customer of Sweeney Controls Company shall be expressly conditioned upon these terms and conditions. No changes or modifications to these terms and conditions shall be binding unless put into a writing signed by both parties. If the agreed change results in greater or lesser cost, Sweeney Controls Company's compensation for the order will be adjusted accordingly.

These terms and conditions, along with the attached proposal, constitute the entire integrated agreement between Sweeney Controls Company and the customer for the services, deliverables and the project. These terms supersede all previous and contemporaneous agreements, proposals and representations, written or oral, concerning such matters. Any additional, conflicting or inconsistent customer terms (whether set forth in a request for proposals, purchase order or acknowledgement or in any other document) are expressly rejected by Sweeney Controls Company and are not a part of the agreement for the project.

PAYMENT: Our terms of payment are as follows: 10% due upon approval of submittals for the project, 80% due upon delivery of the equipment, and 10% due after successful completion of start-up. All product delivery terms are FOB shipping point, all payments are due NET 45 days, and any balance remaining due 46 days beyond the invoice date will be subject to a 1.5% monthly service charge until paid. The credit terms described herein are subject to Sweeney Controls Company's continuing approval of customer's credit, and Sweeney Controls Company at any time may withdraw its extension of credit and require modified payment terms (including pre-payment for services and/or for production of equipment) if Sweeney Controls Company determines in good faith that its right to payment for the applicable order(s) is not secure and the customer fails to promptly provide adequate assurances of its ability to make timely payment of all amounts due for such order(s).

It is specifically agreed and understood that this proposal is submitted with the understanding that Sweeney Controls Company shall be paid for its work and products in accordance with the terms above, regardless of whether or not the customer has been paid pursuant to any contract it may have with the project owner, a prime contractor or other contractors on the project. Sweeney Controls Company shall not be held responsible for, and shall not accept any back charge for, liquidated damages resulting from failure of the customer to complete the project contract on time, or any extra engineering costs necessitated by the continuance of work beyond the specified completion date.

CHANGES, CANCELLATIONS AND RETURNS: All changes, cancellations, or returns must have Seller's prior written approval and are conditional on compliance with manufacturer's cancellation/return policies and subject to restocking fees and service charges. Authorized returned equipment must be packaged and shipped prepaid to manufacturer. Sweeney Controls Company must be notified in writing of accepted changes in scope; verbal change in scope will not be accepted. Sweeney Controls Company will advise the customer of any revisions in the price and/or deliver schedule.

LIMITED WARRANTY: Sweeney Controls Company warrants to the original purchaser that the product or services delivered herewith, to the extent the product has been manufactured by Sweeney Controls Company, will at the time of delivery comply with the material aspects the design specifications set out in the attached proposal and be free from material defects in material and workmanship and, for a period of one year from the date of purchase under normal use and conditions, will comply with the material aspects of the operational specifications set out in the attached proposal. Products not created by Sweeney Controls Company, but provided under this agreement as a part of the project, are warranted only by, and only to the extent of the express written warranties of, the manufacturer(s) of such products, if any. Services provided by Sweeney Controls Company under this agreement will be provided in accordance with the generally recognized standards in the industry. SWEENEY CONTROLS COMPANY MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, AND ANY OTHER WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE/AGAINST INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE) ARE EXPRESSLY DISCLAIMED BY SWEENEY CONTROLS COMPANY TO THE FULLEST EXTENT PERMITTED BY LAW.

EXCLUSIVE REMEDY: In the event the customer believes Sweeney Controls Company owes a warranty obligation applicable to the product, or has otherwise failed to comply with any other contract obligation, it must notify Sweeney Controls Company in writing within 20 days of its discovery of such obligation and in no event later than 90 days after delivery of the product or services. If Sweeney Controls Company owes a warranty obligation, it will promptly commence to remedy and cure such default upon receipt of such notice from the customer at Sweeney Controls Company's own cost and expense or, at Sweeney Controls Company's option, will refund to the customer the portion of the compensation paid for any defective products or services. Such performance or refund by Sweeney Controls Company is the customer's sole and exclusive remedy in the event of a warranty obligation of Sweeney Controls Company or any other failure of Sweeney Controls Company to comply with its contract obligations. In addition to the foregoing, the customer will inspect all deliverables immediately upon receipt and will report to Sweeney Controls Company any shortages and damages within 3 days of receipt or such claims shall be deemed waived by the customer.

In no event shall Sweeney Controls Company be liable for any incidental, special, punitive or consequential damages of any kind, including, without limitation, loss of use, productivity, reputation, financing, business opportunities or profits, even if Sweeney Controls Company had been advised of the possibility of such damages. MOREOVER, TO THE FULLEST EXTENT PERMITTED BY LAW, REGARDLESS OF THE THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT OR WARRANTY, NEGLIGENCE OR STRICT LIABILITY), IN NO EVENT WILL SWEENEY CONTROLS COMPANY'S TOTAL AGGREGATE LIABILITY RELATED TO THE SERVICES, DELIVERABLES OR THIS AGREEMENT EXCEED THE AMOUNT OF COMPENSATION PAID BY THE CUSTOMER TO SWEENEY CONTROLS COMPANY UNDER THIS AGREEMENT.

LIMITATION, DISCLAIMER, AND EXCLUSION OF WARRANTY: In no event will Sweeney Controls Company be responsible for (a) any modifications to any product made by anyone other than Sweeney Controls Company; (b) damages caused by misuse, negligence, abuse, neglect, accident, or improper operation or improper or insufficient maintenance of any product or defects that arise after the warranty period described herein or for which the customer has failed to provide prompt notice in accordance with these terms and conditions; (c) normal wear and tear; (d) any data loss or corruption or personal information data breach; (e) any alleged defects in any product that arise from Sweeney Controls Company's compliance with designs or other criteria or requirements provided by or through the customer; (f) damage resulting from connection or removal of components/parts of the product; or (g) damages arising from claims of third parties related to or connected with the use or performance of any of deliverables or services provided under the applicable order(s).

INTELLECTUAL PROPERTY RIGHTS: Sweeney Controls Company retains all rights, title and interest in its services and products, including patents and copyrights; however, upon payment of the agreed compensation to Sweeney Controls Company, the customer will be deemed to have been granted a non-exclusive, non-transferable, royalty-free, perpetual license to use the services and products for the purposes contemplated in the attached proposal, except that third-party "shrink-wrapped" software or "off-the-shelf" hardware provided through Sweeney Controls Company will be subject to the customer's compliance, at its own costs, with all applicable manufacturer licensing requirements. Customer may not sell, sublicense, assign or transfer its license to the services and products provided by Sweeney Controls Company without the prior written consent of Sweeney Controls Company, nor may the customer reverse engineer or make derivative works from Sweeney Controls Company's services or products.

EXPORT RESTRICTIONS: Customer acknowledges that the services and products may be subject to export and use restrictions under applicable law, including Export Administration Regulations maintained by the United States Department of Commerce. Customer agrees to comply with all such requirements and to hold Sweeney Controls Company harmless from any violations of such requirements.

FORCE MAJEURE: In the event that performance of the services and/or delivery to the customer of the products is delayed by circumstances beyond the reasonable control of Sweeney Controls Company (including, without limitation, changes to the scope of work, delays by the customer in providing information to Sweeney Controls

Company, fire, natural disasters, civil disturbances, acts of governmental authorities, labor disputes, unavailability of materials or equipment or shipping delays), Sweeney Controls Company will promptly notify the customer of such circumstances in writing and Sweeney Controls Company will be granted an equitable extension of the time to meet its obligations under the proposal.

SWEENEY CONTROLS COMPANY'S STATUS: Sweeney Controls Company is an independent contractor of the customer and will have sole charge over, and be solely responsible for, (a) the payment of its employees and subcontractors and (b) the means, methods, techniques and sequences used in the performance of the services and the creation of its deliverables. Both Sweeney Controls Company and the customer assume that the industrial exemption applies to all services and the proposal, and the customer acknowledges that individuals not licensed as professional engineers may execute some or all of the services and create some or all of the products.

NON-SOLICITATION: To the fullest extent permitted by law, during the course of the performance of this agreement, and for one year thereafter, the customer agrees that it will not hire or retain, or offer to hire or retain, any of Sweeney Controls Company's employees that have been involved in performing the scope of work set forth in the proposal, nor will customer otherwise induce or seek to induce, directly or indirectly, any such Sweeney Controls Company employees to leave Sweeney Controls Company's employment.

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MUNI BILLING®

City of Vergas, MN - SaaS

City of Vergas, MN

32 PO Box
Vergas, Minnesota 56587
United States

Julie Lammers

jllammers@cityofvergas.com
218-841-0804

Reference: 20230503-111252481

Quote created: May 3, 2023

Quote expires: December 31, 2023

Quote created by: Kara Matthews
Account Executive

kara.matthews@munibilling.com
252-646-1115

Comments from Kara Matthews

MuniBilling helps you handle every aspect of your customer billing process, from the collection of usage data, managing property & ownership information, generating bills, processing payments, assessing late fees, and producing collection notices

Products & Services

Item & Description	Quantity	Unit Price	Total
Implementation: One Time Set Up Charge One time charge for implementation services that include requirements gathering, data transformation and loading, configuring business rules, training users, and stabilizing production operations	1	\$1,300.00	\$1,300.00
Instructor Led Training Application user training facilitated by a MuniBilling Subject Matter Expert	1	\$1,040.00	\$1,040.00

Item & Description	Quantity	Unit Price	Total
Software as a Subscription (SaaS) MuniBilling hosted utility billing software platform to include customer service and support, recurring maintenance updates, and expert client success consulting services	1	\$200.00 / month	\$200.00 / month for 5 years
Merchant as a Service (MaaS) - (Preferred Vendor) MuniBilling's preferred merchant processor processes electronic payment transactions made on-demand in real-time or scheduled through autopayment	1	\$35.00 / month	\$35.00 / month for 5 years
Broadcast Notification as a Service (BNaaS) Send multimodal broadcast notifications via SMS, email, and phone through MuniBilling's Customer Support Team	1	\$35.00 / month	\$35.00 / month for 5 years
Monthly subtotal			\$270.00
One-time subtotal			\$2,340.00
Total			\$2,610.00

Purchase terms

MuniBilling is pleased to offer fully integrated credit card, debit card and eCheck payment processing.

Convenience Fees for processing online credit card payments will be provided at the following tiered rates to your customers:

Charge Amount Fee

\$0.01 - \$50.00 \$1.49

\$50.01 - \$100.00 \$2.94

\$100.01 - \$150.00 \$4.39

\$150.01 - \$200.00 \$5.84

Over \$200.00 2.99%

The Echeck/ACH Fee is \$1.00 per transaction.

Convenience fees can be passed directly to your customers. If there are any chargebacks or returned checks, these fees are also passed to you at \$10.00 each.

Questions? Contact me



Kara Matthews

Account Executive

kara.matthews@munibilling.com

252-646-1115

MuniBilling

3300 Battleground Ave

Greensboro, NC 27410

United States

CITY OF VERGAS PLANNING COMMISSION MINUTES
Monday, September 25, 2023
6:00 pm
Vergas Event Center

A City of Vergas Planning Commission meeting was held on Monday, September 25, 2023, with the following members present: Bruce Albright, Robert Jacoby, Alex Ohman and Judy Kvam. Absent: Rebecca Hasse. Also present: Clerk-Treasurer Julie Lammers, Utilities Superintendent Mike Dufrane and Blaine Green.

Call to Order

Chair Bruce Albright called the meeting to order at 6:00 pm.

Agenda Additions and Deletions

Approved agenda with following addition: Cats.

Minutes

Motion by Ohman, seconded by Kvam to approve minutes for August 28, 2023. Motion passed unanimously.

Status of Council Recommendations

Albright stated the Council proceeded with the new ordinance rather than the old ordinance for 2023 gravel pit survey. Blaine stated the survey should be ready by the October Planning Commission meeting.

Construction Permits

Permits Approved by City Clerk

306 1st Ave N-shingle and replace doors.

310 & 315 E Frazee Avenue, 350 E Scharf-install doors.

1011 East Scharf- asphalt driveway.

Permits needing approval.

99 Railway Ave – replace sidewalk, tar and additional tar beside the building.

DuFrane questioned if the city should tar at the same time. Albright explained they will tar when the parking lot at 140 E Linden is tarred unless he receives quote within his spending limits. Motion by Kvam, seconded by Jacoby to approve construction permit for 99 Railway Avenue. Motion passed unanimously.

96 Park View Drive – landscaping

Motion by Jacoby, seconded by Kvam to table until Engineer can review, and stakes need to be placed. Motion passed unanimously. Lammers is to ask DNR to stake the ordinary high-water line (OHWL), and to ask Otter Tail County to meet planning commissioners at the site. Ohman made a friendly amendment to add a follow up action plan. Motion passed unanimously.

1011 East Scharf Ave, landscaping

Tabled the discussion as we did not have enough information.

Lawrence Lake Acres 1st Addition, Block 2, Lot 4, Glenn St, new home

Questioned if they had a grade and fill permit and if they were putting in a culvert and driveway. Motion by Jacoby, seconded by Kvam to approve permit with the purchase of a grade and fill permit approved by City Clerk-Treasurer Julie Lammers. Motion passed unanimously.

Active Construction Permits

Discussed turning over shoreline management permits to Otter Tail County. Discussed the need to replace Neil Wothe as the construction permit volunteer inspector. Motion by Ohman, seconded by Jacoby to approve Judy Kvam and Bruce Albright to replace Wothe until the end of 2024. Motion passed unanimously.

Grade and Fill Permit

96 Park View Drive, -145 Cubic Yards

Motion by Ohman, seconded by Kvam to table until next month after OHWL is marked and we have more information. Motion passed unanimously.

Old Business:

Ordinances

Streets & Sidewalks, Ordinance Culverts, Right-a-way permit, Ordinance 151.32, 85 and 93

This is a work in progress and will be discussed next month.

Shoreline Management Ordinance

Kvam presented a draft copy and will attempt to complete it by next month's meeting.

Updated Vergas Basic Code

This is a work in progress and will be discussed next month.

Nuisance Properties within Vergas

Reviewed the nuisance properties. Motion by Jacoby, seconded by Kvam to remove 101 n Railway Avenue, to send certified letters to all others and to send a letter to 339 E Frazee Ave. Motion passed unanimously.

Vergas Zoning Map

This is a work in progress and will be discussed next month.

Gravel Pit Survey

Green stated this is almost complete and will be discussed at next month's meeting.

New Business

Sunset Strip

Greene reviewed 2 layouts for making Sunset Strip a street. This plan was sent back to the Streets, Sidewalks and Yard Waste to review.

W Lake Street

The Council has asked Widseth to file a grant application for upgrading W Lake Street.

Dispensary Location in Vergas

Discussed and stated all businesses allowed by Council should be placed in the commercial district. Commissioners are seeking direction from the City Council.

Cats

Discussed the need for animal control in Vergas. There is a feral cat program run through Otter Tail County Public Health and Otter Tail County Humane Society. Commissioners had no interest in a feral cat program. Council needs to add animal control to the Council Portfolios and have guidelines. A sample ordinance may need to be reviewed.

Adjournment

The meeting adjourned at 8:11 pm.

Secretary,

Julie Lammers, Vergas City Clerk-Treasurer

Follow Up Actions:

Snow emergency routes.

Review and update Ordinance 72.

Updated Shoreline Management Ordinance (Lammers & Kvam)

Lammers, Dufrane, Engineers to review and update Ordinance 79, 85 and Ordinance 93 regarding culverts and right of ways.

Review updated ordinance materials from League of MN Cities. (Sent email with update 3/28/2023)

Dufrane to review nuisance ordinance.

Lammers to set up OHWL marked at 99 Park View.

Lammers to call Otter Tail County to discuss 99 Park View and 1011 Scharf Ave.

Lammers to call Otter Tail County regarding them taking over our shoreline management permits.

Council recommendations:

Animal Control.

Directions for Dispensary.

Water Sewer Committee Meeting

The Vergas Water/Sewer Committee met at the Vergas City Office on Friday, October 6, 2023 at 9:00 am with the following present: Natalie Fischer, Dean Haarstick, Utilities Superintendent Mike DuFrane and Clerk- Treasurer Julie Lammers.

Billing System

Lammers provided concerns with our current utility billing system and our lack of ability to have payments made ACH. After reviewing companies that offer utility billing systems Lammers recommends Munibilling. Kara Matthews provided on google meet presentation showing the utility programs benefits to our customers and employees. The committee recommends to the City Council to purchase the Munibilling System to replace the current UBMAX system.

SCADA

Discussed purchasing a SCADA system for both the water plant and lift stations. Having a SCADA system is beneficial as employees would no longer need to work every weekend. 24 hours a day our utilities employees would get an alert if the system needed attention. This system would help with reports needed for the State of MN. The city could add scales to also allow for chemicals needing attention at a later date. The committee recommends to the council to purchase the water system for \$17,000 and the lift station system for \$4,525.00 with a \$45.00 per month cellular service fee. With this system employees would no longer need to work 7 days a week reading meters at the water /sewer plants. This would be a savings of 208 hours or approximately \$10,400.00 a year. The SCADA system would be purchased as a capital outlay item causing the cost to be depreciated over the next 10 years of the water/sewer budgets.

Budget-goal setting

2024 Water and Sewer Rates

Proposed raising the current \$28.00 water base rate to \$28.50 and keeping the water usage rate at \$4.25 per 1,000 gallons.

Proposed raising the current \$28.00 sewer base rate to \$28.50 and keeping the sewer usage rate at \$2.75 per 1,000 gallons.

This would pay for the new utility system monthly charge. If customers have their utility bill emailed to them and they use ACH the city can reduce mailing utilities employee time, paper and envelopes and postage. The committee recommends the City Council raise the rates to \$28.50 base rate on water and sewer and offer the customers a \$1.00 refund monthly if they sign up for emailed bills and pay by ACH.

Wrench

DuFrane requested the city purchase a wrench to open hydrants to avoid back strain and workers compensation claims. DuFrane requested the city apply for an OSHA Workplace safety grant. Lammers explained the grants are issued quarterly and limited to \$10,000.00. Lammers has applied for the \$10,000.00 for government service center safety needs for the current quarter and the city will not be eligible to apply for another grant until January 1, 2025. The committee recommend to City Council the water and sewer fund purchase wrench for \$2,600.00.

Adjournment

The meeting was adjourned at 10:38 am.

Julie Lammers, CMC
City Clerk-Treasurer
City of Vergas

Follow up actions:

Write policy for backflow meters.

DuFrane to provide backflow prevention ordinance.

DuFrane will get quotes for videoing the city and additional jetting.

Recommendations to Council:

Purchase Munibilling System to replace UBMax for utility billing (implementation \$1,300.00, Training \$1,040.00 and subscription and merchant service \$235.00 monthly)

Purchase SCADA Wed insight from Sweeney for both Water System (\$17,000.00) and Lift Stations (\$4,525.00)

Purchase Wrench for opening hydrants (\$2,600)

Raise water and sewer rates

Refund customers \$1.00 if they sign up for emailed bills and ACH payments.


City Council
2023 October Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, October 10, 2023

9. Staff Reports

- A. Liquor Store Manager Report
- B. Clerk-Treasurer
 - 1. Gov Forms Processes
- C. Utilities Superintendent Report
 - 1. Winter Maintenance Agreement

Files Attached

- LGF Proposal Vergas.pdf
- Resolution 2023-013 Winter Maintenance Agreement.pdf
- Liquor Store Council Spreadsheet.pdf
- 9.-30-23 Liquor Store Manager Report (1).pdf

	<h2>Local Gov Forms Proposal</h2>
	Client: City of Vegas
	Date: 8/2/2023
	Form: Construction Permit

Situation

The City of Vegas, "City," has numerous permitting processes and a library of forms for citizens and other stakeholders to complete to request city services. These forms are overwhelmingly paper and each one requires a manual process. Each form requires staff time to ensure that the required minimum information is provided, fees are accurately calculated, and results can be recorded and reported to boards and committees.

The most common and highest priority process is the construction permitting process. Construction permits are required for a variety of activities affecting real property. Currently, individuals must download a scanned image of the form, print the form, and manually complete the form, then return it to the City Office with payment for review and processing. This process allows for numerous data validation issues that result in additional staff time and, ultimately, delays for the developer or project owner: missing or incomplete property information (address, legal description, parcel number), calculation of lot size, contact information for applicant, invalid responses to questions (selecting multiple responses when one is required), and missing attached documents (site plans, blueprints, etc).

The current workflow relies upon numerous human interventions that creates the risk of missed data validation, communication oversight, workload duplication, and staff capacity issues. For applicants to receive status updates, they must be individually communicated by a staff member, and any reporting to supervising boards or committees requires manual compilation of submitted forms.

While most forms are available online for individuals to access, they are typically not usable online. Current forms require website users to have access to a printer or PDF software that allows them to add fillable form fields to these documents. If an individual cannot print or electronically fill out the form, they must physically visit the City Office, communicate special arrangements with staff, or have a document mailed to their address. For individuals who do not require accessibility accommodations, these additional steps add cost to the City in additional staff time, marginal supply use, and frustration from the public.

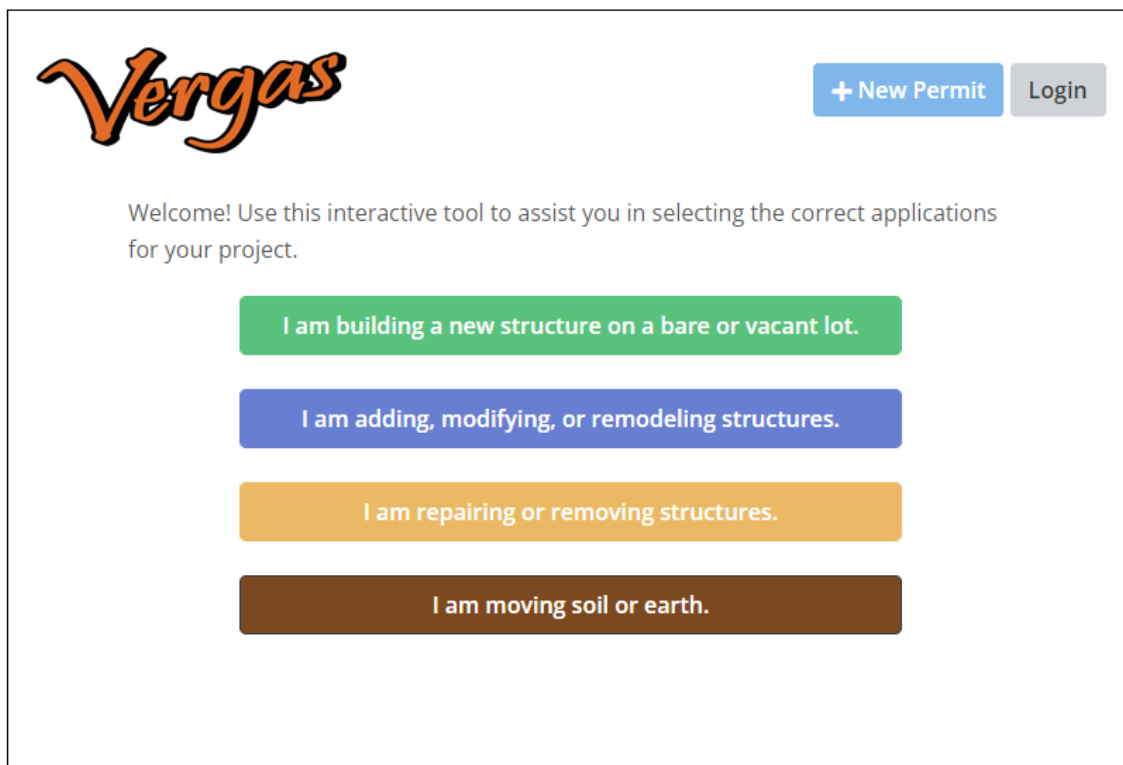
Objective

Implement Local Gov Forms to modernize, automate, and manage the permit and form processes.

Details

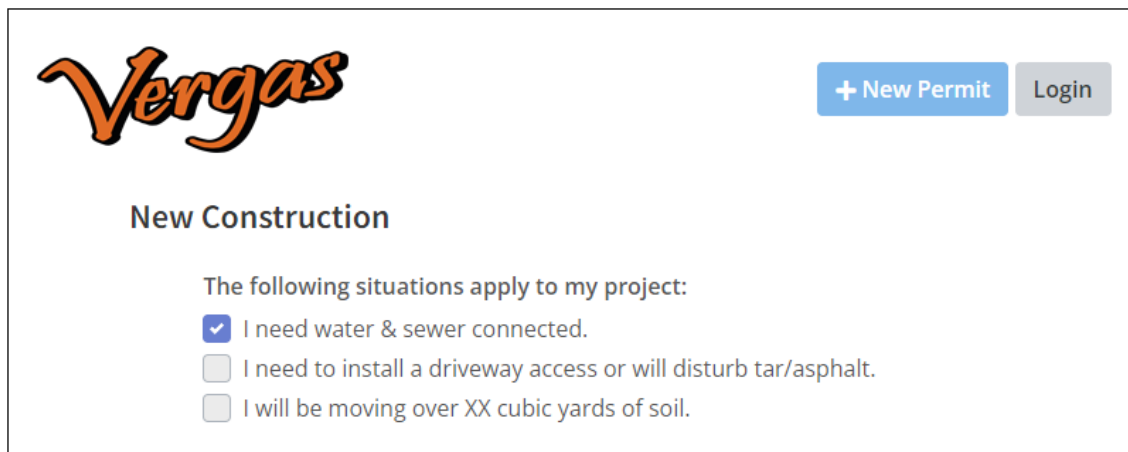
PaulNet Group, LLC, will implement Local Gov Forms (LGF) for the City of Vergas. The first process that will be onboarded is the construction permit process. Additional forms and processes will be rolled out as each one is successfully implemented.

To improve ease of use for individuals not familiar with the entire permitting process, LGF allows for the creation of an application interviewer tool that will ask users simple questions to assist them in selecting the most appropriate permits.




The screenshot shows the 'Vergas' logo in a stylized orange font at the top left. To the right are two buttons: '+ New Permit' in blue and 'Login' in grey. Below the logo, a welcome message reads: 'Welcome! Use this interactive tool to assist you in selecting the correct applications for your project.' In the center, there are four stacked, rounded rectangular buttons with different colors and text: a green button with 'I am building a new structure on a bare or vacant lot.', a blue button with 'I am adding, modifying, or remodeling structures.', an orange button with 'I am repairing or removing structures.', and a brown button with 'I am moving soil or earth.'

Additional questions can ensure that additional permits will be included with the original application, such as tar break up or new utility connections.



This screenshot shows the 'Vergas' logo and the same '+ New Permit' and 'Login' buttons. Below the logo, the heading 'New Construction' is displayed. Underneath, a prompt reads: 'The following situations apply to my project:'. There are three checkboxes with corresponding text: the first is checked (blue square) and reads 'I need water & sewer connected.'; the second is unchecked (grey square) and reads 'I need to install a driveway access or will disturb tar/asphalt.'; the third is unchecked (grey square) and reads 'I will be moving over XX cubic yards of soil.'

Form validation ensures that individuals completing the form complete all required fields.



[+ New Permit](#)[Login](#)

Permit Application

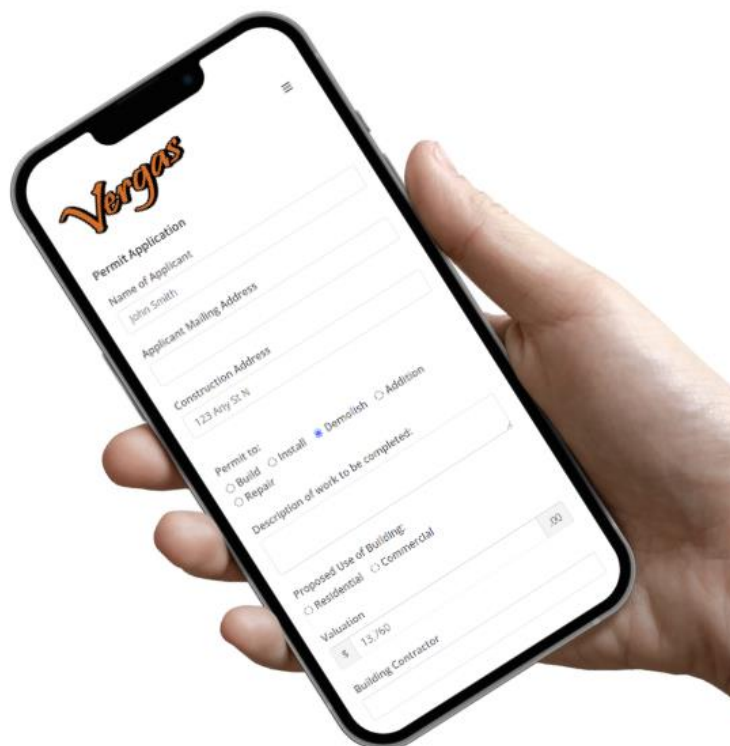
Name of Applicant

Applicant Mailing Address

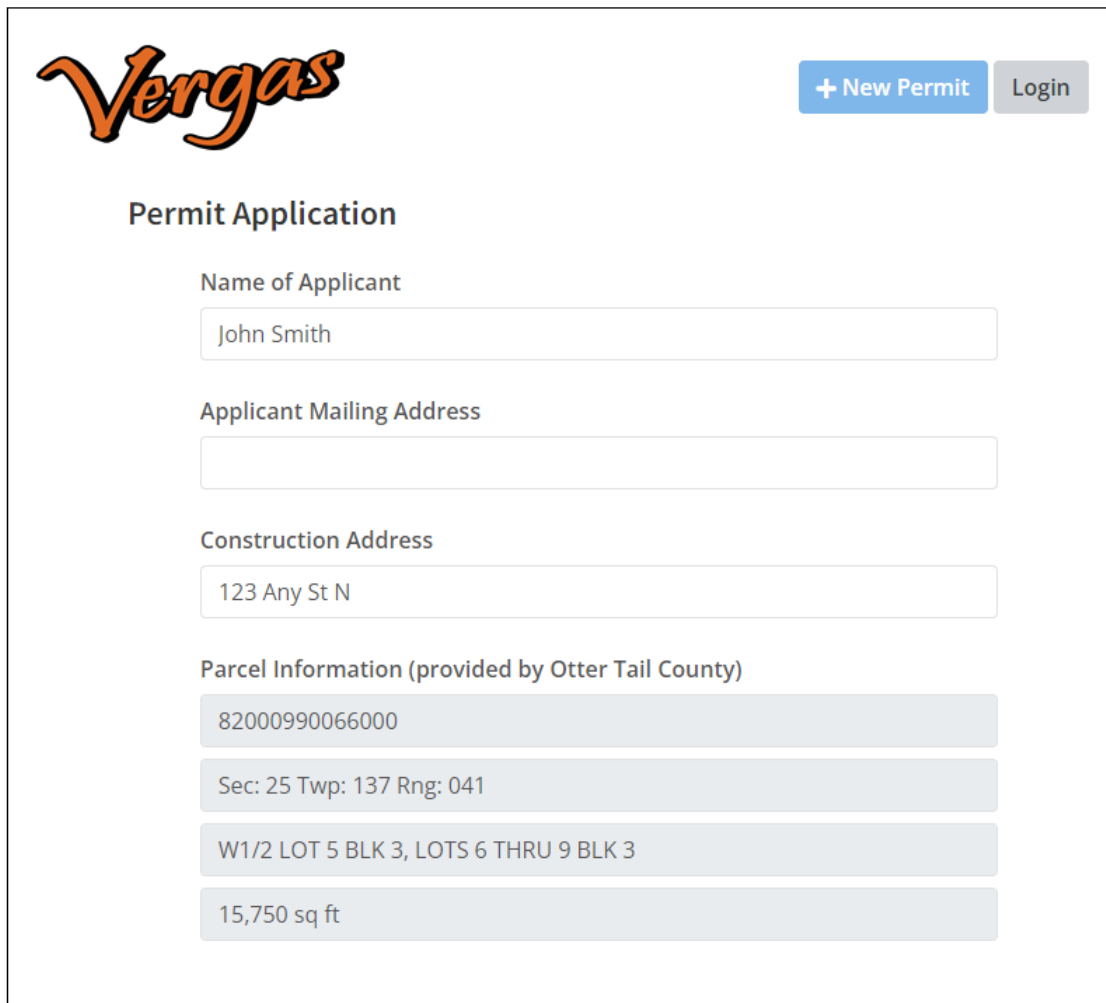
Mailing address is a required field.

Construction Address

The application will be built to be accessed and used on mobile devices.



Local Gov Forms will integrate with Otter Tail County GIS to provide parcel information for a given address. Depending upon permissions, approved permits could have information posted into the City's instance of ArcGIS.



The screenshot shows a web application for "Vergas" with a permit application form. The header includes the "Vergas" logo and two buttons: "+ New Permit" and "Login". The form is titled "Permit Application" and contains several input fields and a section for parcel information.

Vergas

[+ New Permit](#) [Login](#)

Permit Application

Name of Applicant

John Smith

Applicant Mailing Address

Construction Address

123 Any St N

Parcel Information (provided by Otter Tail County)

82000990066000

Sec: 25 Twp: 137 Rng: 041

W1/2 LOT 5 BLK 3, LOTS 6 THRU 9 BLK 3

15,750 sq ft

To collect payments, PaulNet Group is currently exploring the feasibility with allPaid, the City's payment process, but a solution could be implemented with Stripe that would allow for grossing up a permit fee to include merchant fees.

Additional features include:

- Email status updates for applicants
- Permit decision emails
- Reminder email messages
- Text message updates available for an additional cost
- Customizable workflow processes
- Permit database with export to Microsoft Excel
- User accounts for public users to save frequently used information
- Audit logs
- Clickwrap agreement e-signatures

- File uploads, including file type restrictions (e.g., PDFs or images only)
- Form customization by staff—small changes can be implemented by staff without needing professional services
- Automated permit number generation or assignment
- Custom fee calculations

Technical features:

- Daily database backups
- Encrypted database storage and transfer
- Secure SSL certificates on website
- Multi-Factor Authentication for staff users
- Cloud-based, no servers or software to maintain
- Updates deployed automatically

Deliverables

PaulNet Group will implement the City's Construction Permit application online within the Local Gov Forms tool. Additional forms and processes to be implemented once successfully deployed.

PaulNet Group will provide a license to the City of Vergas to use Local Gov Forms and provide initial staff training and ongoing support.

Assumptions

1. Any additional license fees or charges to access third-party services, such as Otter Tail County GIS, allPaid payment processing or City of Vergas ArcGIS, will not be covered.
2. City legal team to review clickwrap agreement, any legal review fees are responsibility of the City.
3. City staff to provide timely feedback and acceptance testing.
4. City will provide graphics or branding information.
5. Application intellectual property is entirely retained by PaulNet Group.
6. "Construction Permit" includes the construction permit, tar break-up, and grade and fill permits

Timing

Application Requirements, Design, Launch	2-3 months
Construction Permit implementation	1 month
City pre-production acceptance testing	3 weeks
Production launch	1 week

Review/Change Order Process

Changes that impact the project cost and/or schedule will be addressed through the Change Order Process. All changes in scope and timing will be documented and communicated in a Change Order Form. The Change Order Form and any resulting fee changes will be presented to the client for approval to proceed and the project scope and schedule will be adjusted accordingly.

Cost Estimate

This estimate is based on this project brief and the requirements as they are understood at this time. Your approval authorizes commencement of work and agreement to pay for the services outlined at up to 110% of the estimated amount. Sales tax, telecommunications, travel expenses, and charges for delivery, shipping, express mailing, or courier service may not be included in this estimate and will be billed at actual cost. Estimates do not include out-of-pocket expenses (e.g., photo purchase).

Implementation Phase

- Application requirements
- Application launch
- Construction Permit implementation

Implementation Cost: \$1,500

Local Gov Forms License

- Application hosting fees
- Database and asset storage
- Application support
- Staff User Licenses: 5
- Online Permits/Forms: 20
- Permit data retention in production: 3 years
- Staging instance

Recurring License Cost: \$199/month

\$500 deposit required to start work. Recurring fees can be paid monthly or annually.

RESOLUTION 2023-013

WINTER MAINTENANCE AGREEMENT

BE IT RESOLVED, that the following request is approved by the City or Township and Otter Tail County is hereby authorized to provide the materials and or services as requested below.

BE IT RESOLVED, that the work will be included in our regular maintenance or after our regular maintenance work is completed.

BE IT RESOLVED, that there is a 5 Ton minimum with no returns or dump backs.

CITY/TOWNSHIP Vergas
TYPE OF REQUEST SALT/SAND MATERIALS
APPROX. QUANT. 25 Cubic Yards
APPROX. COST \$44.40 Per Cubic Yard or \$31.70 Per Ton
SALT/SAND TO BE HAULED BY Vergas
City Township/Contractor

SALT/SAND TO BE LOADED BY COUNTY PERSONNEL ONLY

BE IT FURTHER RESOLVED, that the City or Township will be responsible for all cost of materials and services provided.

Adopted this 10th day of October, 2023.

Comments:

City or Township Official
Mayor

2023 Valuation

Q1	Cost	Retail Value
Liquor	\$148,303.00	\$217,312.00
Beer	\$31,611.00	\$42,604.00
Wine	\$35,487.00	\$56,190.00
Everything	\$222,100.00	\$324,199.00

Q2	Cost	Retail Value
Liquor	\$131,475.00	\$195,240.00
Beer	\$46,820.00	\$63,103.00
Wine	\$35,257.00	\$51,372.00
Everything	\$219,813.00	\$318,728.00

Q3	Cost	Retail Value
Liquor	\$111,647.00	\$164,735.00
Beer	\$32,840.00	\$43,309.00
Wine	\$33,058.00	\$50,905.00
Everything	\$181,440.00	\$265,023.00

Product Cost

	Q1	Q2	Q3	Q4
2018	\$154,391	\$168,148	\$181,370	\$171,230
2019	\$175,352	\$203,013	\$207,617	\$212,844
2020	\$236,937	\$249,378	\$239,382	\$235,576
2021	\$245,710	\$253,106	\$230,930	\$221,536
2022	\$219,817	\$220,182	\$214,990	\$203,765
2023	\$222,100	\$219,813	\$181,440	

Product Retail

	Q1	Q2	Q3	Q4
2018	\$227,657	\$252,276	\$267,408	\$253,600
2019	\$255,930	\$294,667	\$300,920	\$314,531
2020	\$548,755	\$362,236	\$351,689	\$351,376
2021	\$367,773	\$373,261	\$336,659	\$327,818
2022	\$322,928	\$321,025	\$310,109	\$302,596
2023	\$324,199	\$318,728	\$265,023	

Liquor Store Manager Report:

Financial:

The following has been transferred to the general fund:

2014-\$0.00 2015-\$0.00 2016 \$0.00 2017- \$5,000 2018 - \$10,000 2019 - \$48,400
2020 - \$30,000 2021- \$30,000 2022 - \$25,000

See excel document.

Employees:

Currently at 3 part-time employees and 2 full-time employees.

Recommend termination for employee Felicia Singer. On September 25 and September 27, I requested she attend a meeting to discuss her performance which she refused to attend. On Wednesday, September 27, 2023, I emailed a suspension notice requesting a written request for hearing or for her to drop her keys off by Oct. 10, 2023. No response has been received from Felicia, and she has not returned her set of keys to the liquor store yet.

Misc:

Started charging a 3% fee on credit cards on Sept 12th. Have already saved \$900 for half of September. Estimated annual savings of \$15k-20k. E.g. the store paid \$2000 in August. \$2800 in July. \$1900 in June.

Q3 sales = \$348,000

Q3 Inventory value. Cost = \$181,000. Retail value = \$265,000

I reduced store hours for the fall/winter. Mon-Thur. we open at 11am instead of 9am. We average 1-3 people between 9-11am. Less during the winter.

With city offices relocating soon, I've asked employees to think of what they feel would be the best use for the space. I want their input before a final decision is made. Most likely will turn into the manager's office and employee breakroom / sampling room.

Proof Distillers legally changed their whiskey name to "Hairyman". Because of this collaboration, The Vergas Liquor Store is being nominated for an award next year at the annual MMBA conference.

City Council
2023 October Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, October 10, 2023

10. 2024 Budget

- A. 2024 Fee Schedule
- B. 2024 Budget

Files Attached

- 2024 Proposed General Budget.pdf
- Proposed 2024 Fee Schedule.pdf

2024 Proposed Budget
September 12, 2023

	2022 Final Budget	2022 Actual to 12/31/2022	2023 Budget	2023 Actual to 08/31/2023	2024 Proposed Budget	
General Property Taxes (31000)	\$235,955.00	\$234,177.86	259,068.00	147,681.02	271,225.00	5%
Penalties & Deling Taxes (31900)	0.00	13,079.16	0.00	223.26	541.00	
10% Gaming Fee (31311)	5,000.00	6,482.83	3,000.00	2,220.06	4,000.00	
Gravel Permit	7,000.00	7,000.00	7,000.00	7,000.00	8,000.00	
Intoxicating On-Sale Liquor (32110)	6,900.00	6,525.00	6,900.00	0.00	6,900.00	
Non-Intoxicating Malt Liquor (32115)	75.00	0.00	125.00	0.00	0.00	
Set-Up License (32116)	500.00	250.00	125.00	500.00	500.00	
Cigarette Licenses (32117)	200.00	200.00	200.00	0.00	200.00	
Conditional Use/Variance Permit (32205)	0.00	1,750.00	0.00	1,200.00	0.00	
Construction Permit (32210)	3,000.00	4,595.00	5,000.00	1,300.00	5,000.00	
Grade and Fill Permit	0.00	875.00	0.00	0.00	375.00	
Golf Cart Permit (32213)	140.00	200.00	200.00	120.00	140.00	
Recycling Center (32215)	10,000.00	14,995.00	15,335.00	15,165.00	15,335.00	
Dog Licenses (32240)	500.00	564.00	550.00	662.00	750.00	
Intergovernmental Aid (33404)	131.00	0.00	131.00	2.70	131.00	
Federal Grants and Aids (33101)	4,000.00	0.00	4,000.00	2.68	4,000.00	
State Aids/Fire Relief (33390)	10,000.00	24,375.47	10,000.00	0.00	24,376.00	
Local Government and Aids (33401)	37,813.00	37,813.00	37,814.00	18,907.00	43,751.00	*
County Grants & Aids for Hwys (33610)	2,000.00	2,477.29	2,000.00	0.00	3,000.00	
Small Cities Assistance	0.00	0.00	0.00	0.00	17,861.00	*
Charges of Services (34005)	500.00	3,618.10	2,000.00	97.00	2,000.00	
General Government (34100)	0.00	716.23	0.00	0.00	0.00	
Fire, Reimbursed (34210)	16,000.00	0.00	16,000.00	0.00	16,000.00	
Recreation (36217)	4,000.00	0.00	0.00	0.00	0.00	
Miscellaneous Revenues (36200)	40,000.00	40,000.00	0.00	0.00	0.00	
Interest Earnings (36210)	50.00	328.18	60.00	316.30	650.00	
Lease/Municipal Building					13,900.00	*
Rent/Municipal Building (36217)	6,000.00	5,000.00	6,000.00	4,000.00	7,200.00	
Rent/Event Center (36225)	6,000.00	13,669.16	17,600.00	10,280.00	17,600.00	
Event Center other related charges (36227)	1,000.00	1,200.00	1,500.00	800.00	1,000.00	
Contributions & Donations (36230)	2,000.00	20,444.00	2,000.00	50,370.47	2,000.00	
Refunds & Reimbursements (36233)	2,000.00	74,529.99	0.00	43,996.19	0.00	
LMCit/Dividends (36235)	3,000.00	4,620.00	3,000.00	0.00	4,620.00	
Liquor Store Transfer (39201)	25,000.00	25,000.00	30,000.00	0.00	25,000.00	
Total Receipts	\$428,764.00	\$544,485.27	\$429,608.00	\$304,843.68	\$496,055.00	15% increase

* fixed number - cannot be changed

2024 Proposed Budget
September 12, 2023

	2022 Final Budget	2022 Actual to 12/31/2022	2023 Budget	2023 Actual to 08/31/2023	2024 Proposed Budget
GENERAL GOVERNMENT					
(41000) Office Supplies (200)	1,160.00	5,450.09	1,160.00	5,793.10	5,000.00
Operating Supplies (210)	250.00	116.28	250.00	304.80	250.00
Repair & Maint. Supplies (220)	200.00	0.00	200.00	171.00	200.00
Auditor (301)	2,125.00	2,125.00	2,125.00	2,125.00	2,125.00
Postage (322)	300.00	959.91	300.00	0.00	1,000.00
Telephone	4,000.00	4,145.39	4,000.00	1,860.89	3,000.00
Dues (345)	930.00	391.75	930.00	1,392.05	1,400.00
Printing & Publishing (350)	4,000.00	4,852.00	4,000.00	1,268.90	4,000.00
Insurance (360)	3,000.00	7,200.00	3,105.00	178.00	3,500.00
Repair & Maintenance (400)	300.00	0.00	300.00	0.00	300.00
Utility Services (380)					5,000.00
Lease Payment					19,000.00
Improvements (530)	1,000.00	0.00	1,000.00	0.00	1,000.00
Office Equip & Furnishing & IT.(570)	1,500.00	0.00	1,500.00	1,049.91	1,500.00
Refund & Reimbursements	0.00	4,443.23	0.00	19,695.56	0.00
Total General Government	\$18,765.00	\$29,683.65	\$18,870.00	\$33,839.21	47,275.00
Legislative (Council/Board)					
Wages and Salaries (100)	4,500.00	3,754.01	4,500.00	2809.79	5,600.00
(41100) Employer Cont./Soc.Sec. (122)	1,250.00	1,319.24	1,250.00	1108.19	2,100.00
Office Supplies (200)	0.00	0.00	200.00	630.04	650.00
Travel, Mtgs & Schools	600.00	792.72	1,000.00	2006.38	1,500.00
Operating Supplies (210)	0.00	0.00	200.00	0.00	200.00
Insurance (360)	200.00	407.00	200.00	278.00	300.00
Total Legislative	\$6,550.00	\$6,272.97	\$7,350.00	\$6,832.40	10,350.00
Executive (Wages and Salaries (100)					
(41300) Employer Cont./Soc.Sec. (122)	200.00	113.58	200.00	206.82	210.00
Workers Compensation	0.00	0.00	0.00	238.94	0.00
Volunteer Appreciation	100.00	65.49	100.00	0.00	100.00
Dues (345)	30.00	30.00	30.00	0.00	30.00
Travel, Mtgs & Schools	1,000.00	380.86	1,000.00	844.60	1,000.00
Total Executive	\$2,530.00	\$1,069.92	\$2,530.00	\$1,892.24	2,540.00
Total General Government	27,845.00	37,026.54	28,750.00	42,563.85	60,165.00
Clerk (4140) Wages and Salaries (100)					
Employer Cont./Soc.Sec. (122)	11,085.00	7,879.58	7,600.00	5,009.93	8,866.00
Health/Life Insurance (131)	2,310.00	2,613.92	2,600.00	1,616.77	3,232.00
Telephone	300.00	225.00	300.00	200.00	300.00
Workers Compensation	350.00	0.00	350.00	0.00	350.00
Travel, Mtgs & Schools	1,300.00	769.14	1,500.00	1,646.50	2,000.00
Legal Service Attorney (304)	14,500.00	7,326.66	9,000.00	0.00	5,000.00
Elections (4) Wages and Salaries (100)					
Office Supplies (200)	100.00	0.00	0.00	0.00	50.00
Travel, Mtgs. & Schools (211)	400.00	272.06	0.00	0.00	400.00
Total Clerk, Legal services and Elections	50,812.00	35,051.72	38,350.00	18,772.09	39,198.00

2024 Proposed Budget
September 12, 2023

	2022 Final Budget	2022 Actual to 12/31/2022	2023 Budget	2023 Actual to 08/31/2023	2024 Proposed Budget
Planning & Zoning (41910)	0.00	938.00	500.00	938.00	1,000.00
Fire (42200) Pensions-Relief Assoc. (120)	0.00	0.00	0.00	0.00	0.00
Workers Compensation	5,500.00	0.00	5,500.00	0.00	5,500.00
Insurance (360)	5,000.00	11,358.00	5,500.00	78.00	5,500.00
V-CDH Budgeted amount	12,000.00	11,967.08	12,000.00	6,581.88	13,164.00
Reimbursed Expenses (810)	0.00	34,710.47	0.00	29,033.25	0.00
Total for Public Safety, Traffic, Fire	22,500.00	58,035.55	23,000.00	35,693.13	24,164.00
City Shop (4) Operating Supplies (210)	100.00	601.43	100.00	283.11	300.00
Repair & Maint. Supplies (220)	100.00	0.00	100.00	201.71	100.00
Small Tools & Minor Equip (240)	1,000.00	549.00	1,000.00	472.50	1,000.00
Internet (321)	804.00	744.00	810.00	228.00	810.00
Insurance (360)	800.00	821.00	828.00	0.00	850.00
Utility Services (380)	2,000.00	3,602.03	5,200.00	3,460.62	6,150.00
Repair & Maintenance Service (400)	300.00	26.47	300.00	305.00	300.00
City Share/Assessments	60.00	0.00	60.00	1.00	120.00
Improvements (530)	5,000.00	0.00	2,500.00	0.00	500.00
Total For City Shop	10,164.00	6,343.93	10,898.00	4,951.94	10,130.00
Highways, S Wages and Salaries (100)	21,026.00	17,525.81	21,500.00	15,970.07	25,400.00
(43100) Employer Cont./Soc.Sec. (122)	12,876.00	9,855.36	12,685.00	8,624.55	14,147.00
Health Insurance (131)	6,000.00	3,694.62	6,538.00	2,977.16	4,370.00
Workers Compensation (150)	1,300.00	0.00	1,300.00	0.00	1,300.00
Office Supplies (200)	200.00	60.83	100.00	68.22	100.00
Operating Supplies (210)	6,000.00	8,799.47	8,000.00	5,512.83	9,000.00
Travel, Mtgs, & Schools	300.00	0.00	300.00	20.00	20.00
Repair & Maint. Supplies (220)	2,000.00	522.39	2,500.00	1,338.66	3,500.00
Small Tools & Minor Equip (240)	500.00	427.19	600.00	133.46	600.00
Employee Clothing Allowance (245)	350.00	0.00	350.00	0.00	350.00
Engineer (303)	16,000.00	38,375.79	28,000.00	25,787.06	30,000.00
Telephone	375.00	312.50	375.00	250.00	375.00
Insurance (360)	3,200.00	1,813.00	4,725.00	376.00	4,725.00
Repair & Maintenance Service (400)	3,500.00	6,819.68	5,000.00	22,675.86	5,000.00
Seal Coating (410)	7,500.00	0.00	7,500.00	0.00	10,000.00
Improvements (530)	17,000.00	19,437.24	25,000.00	21,489.76	42,861.00
Other Equipment (580)	25,000.00	0.00	15,000.00	8,228.54	5,000.00
Sidewalk Repair & Maintenance (400)	1,500.00	0.00	1,500.00	0.00	1,500.00
Ice and Snow Sand & Salt	1,000.00	648.38	1,500.00	857.29	1,500.00
Snow Removal (415)	0.00	0.00	0.00	0.00	1,000.00
Capital Outlay	5,000.00	0.00	5,000.00	0.00	1,000.00
Total for Streets, Sidewalks, Ice Control	130,627.00	108,292.26	147,473.00	114,309.46	161,748.00
Recycling Center (43218)					
Wages and Salaries (100)	7,485.00	5,472.41	7,700.00	4,868.59	8,000.00
Employer Cont./Soc.Sec. (122)	4,361.00	3,148.43	4,361.00	2,484.86	4,500.00
Repair & Maintenance (220)	2,500.00	138.43	3,000.00	1,456.07	3,000.00
Office Supplies (200)	500.00	73.50	500.00	0.00	100.00

2024 Proposed Budget
September 12, 2023

	2022 Final Budget	2022 Actual to 12/31/2022	2023 Budget	2023 Actual to 08/31/2023	2024 Proposed Budget
Printing & Publishing (350)	600.00	397.00	600.00	315.37	400.00
Street Lighting (380)	400.00	268.32	400.00	785.07	300.00
City Share/Assessments	300.00	854.00	850.00	461.28	930.00
Improvements (530)	10,000.00	0.00	8,000.00	0.00	1,500.00
Total for Recycling Center	26,146.00	10,352.09	25,411.00	10,371.24	18,730.00
Street Light Utility Services/Street Poles	8,750.00	6,751.34	9,000.00	5,945.30	15,000.00
Event Center Part-Time Employees (103)	300.00	0.00	0.00	759.21	7,830.00
Employer Cont./Soc.Sec. (122)	0.00	0.00	0.00	179.58	660.00
Professional Services	2,500.00	2,478.62	3,800.00	6,798.80	2,500.00
Telephone	0.00	0.00	0.00	1,007.35	720.00
Office Supplies (200)	100.00	0.00	100.00	68.22	50.00
Operating Supplies (210)	1,700.00	2,661.00	3,900.00	6,798.80	4,000.00
Repair & Maint. Supplies (220)	1,000.00	745.58	1,580.00	13,582.30	1,600.00
Internet	1,000.00	828.00	1,104.00	816.00	1,104.00
Security Services (300)	1,000.00	0.00	0.00	0.00	500.00
Advertising	3,500.00	1,873.00	4,000.00	1,600.00	4,000.00
Insurance (360)	1,900.00	3,085.00	1,900.00	0.00	3,085.00
Utility Services (380)	6,000.00	6,662.12	8,000.00	5,243.35	8,200.00
Rubbish Service (384)	1,500.00	1,040.19	1,500.00	0.00	1,600.00
Repair & Maintenance (400)	2,000.00	3,455.23	3,000.00	3,988.08	2,600.00
City Share/Assessments (440)	400.00	392.87	400.00	213.45	450.00
Improvements (530)	15,000.00	0.00	10,000.00	64,076.88	5,000.00
Refunds & Reimbursements	0.00	2,025.00	0.00	75.00	0.00
Total for Event Center	37,900.00	25,246.61	39,284.00	105,207.02	43,899.00
Parks (4520) Wages and Salaries (100)	30,860.00	18,300.71	22,760.00	15,933.62	25,530.00
Employer Cont./Soc.Sec. (122)	14,600.00	9,473.13	12,465.00	7,221.76	12,465.00
Health Insurance (131)	5,700.00	3,639.73	6,000.00	2,437.76	6,000.00
Workers Compensation	1,500.00	0.00	900.00	0.00	900.00
Engineering	2,500.00	0.00	2,500.00	4,905.31	5,000.00
Office Supplies (200)	100.00	60.83	100.00	68.22	100.00
Operating Supplies (210)	7,000.00	8,880.40	7,500.00	1,775.43	7,000.00
Telephone	375.00	312.50	375.00	218.75	375.00
Travel, Mtgs, & Schools	300.00	40.00	300.00	20.00	20.00
Repair & Maint. Supplies (220)	6,500.00	536.92	5,000.00	909.18	2,000.00
Employee Clothing Allowance(245)	250.00	0.00	250.00	0.00	100.00
Printing & Publishing (350)	100.00	0.00	250.00	0.00	0.00
Licenses/Permits	35.00	360.00	360.00	35.00	360.00
Insurance (360)	5,000.00	5,078.00	5,000.00	278.00	5,000.00
Utility Services (380)	3,000.00	1,533.53	3,000.00	2,020.51	3,500.00
Rubbish Service (384)	2,400.00	899.55	2,400.00	1,329.80	2,600.00
Repair & Maintenance Service(400)	2,600.00	2,867.17	3,000.00	2,960.38	3,000.00
City Share/Assessments (440)	1,200.00	972.35	975.00	493.72	990.00
Improvements (530)	21,000.00	15,502.21	18,000.00	23,394.88	20,000.00
Refunds & Reimbursements	0.00	660.00	0.00	15,829.80	0.00

2024 Proposed Budget
September 12, 2023

	2022 Final Budget	2022 Actual to 12/31/2022	2023 Budget	2023 Actual to 08/31/2023	2024 Proposed Budget
Total for Parks	105,020.00	69,117.03	91,135.00	79,832.12	94,940.00
Non-Expend Economic Development (46510)	8,000.00	8,000.00	7,000.00	7,000.00	5,000.00
Misc.	0.00	0.00	3,043.00	0.00	0.00
Tax Abatement	0	0	5,764.00	0.00	22,081.00
Total Disbursements	\$427,764.00	\$364,217.07	\$429,608.00	\$425,584.15	\$496,055.00
	\$1,000.00	\$180,268.20	\$0.00	-\$120,740.47	0.00

2022 Notes

No longer paying cemetery insurance (cemetery is not owned by City)

Budget figured 3% salary increase - Council approved 2.5% salary increase.

2023 Notes

Adding planning and zoning GIS license

Council approved 2% salary increase in November and budget updated.

2024 Notes

Budget figured 3% salary increase -

Received Tax Abatement number form county

2025 Notes

*** Get tax abatement number from Wayne Stein

ALL FUNDS**2023**

Any invoice not paid within 60 days will be have invoice delivered
(in City Limits by employees -outside of City limits by certified
mail)

\$30.00 Administrative Fee \$30.00

WATER RATE

Load of Water	\$40.00	\$40.00
Basic Rate	\$28.00 a month	\$28.50
Per Gallon Rate	\$3.75 per 1,000 gallons	\$4.25
Connection Fee	\$0.55	\$0.55
Reconnection Fee	\$30.00	\$30.00
Water Accessibility Charge	\$750.00	\$750.00
Frost Plate	\$40.00	\$50.00
Monthly Late Fee	10% of bill	10% of bill
Lawn Sprinkler Meter -1"	\$231.23	\$231.23
Lawn Sprinkler Meter -R2"	\$169.38	\$169.38

SEWER RATE

Basic Rate	\$28.00	\$28.50
Per Gallon Rate	\$2.75 per 1,000 gallons	\$2.75
Sewer Accessibility Charge	\$750.00	\$750.00
Monthly Late Fee	10% of bill	10% of bill

GENERAL FUND

Plowed with Loader	125/per hour	1 Hour minimum	125/per hour
Plowed with Truck	125/per hour	1 Hour minimum	125/per hour
Sand Parking Lots	125/per hour	1 Hour minimum	125/per hour
Construction Permit	\$30/10,000		\$30/10,000
Construction Permit (work started before permit issued)	\$60/10,000		\$60/10,000
Grade and Fill Permit	\$75.00		\$75.00
Variance Permit	\$400.00		\$400.00
Intermit Use Permit Fee	\$400.00		\$400.00
Conditional Use Permit	\$250.00		\$250.00
On-Sale Liquor License	\$3,000.00		\$3,000.00
Sunday Liquor License	\$200.00		\$200.00
Wine License	\$300.00		\$300.00
Caterer's Permit (1-4 day permit)	\$125.00		\$125.00
Cigarette License	\$100.00		\$100.00
Yard Waste Permit	\$65.00		\$65.00
Golf Cart Permit	\$20.00		\$20.00
Cat and Dog Licenses	\$10.00 \$8 if neutered		\$10.00
Animal Pick up fee	\$50.00 first offense		\$75.00
Fee doubles after each offense	\$100.00 2nd Offense		\$150.00
Mowing	\$250/per hour	1 Hour minimum	\$250/per hour
Fax	\$1.00 per page		\$1.00
Copy	\$0.25 per page		\$0.25
Sign (at Event Center or Liquor Store)	\$15.00 per day		\$15.00
Event Center			
Large Event w Liquor & Security for 4 hours (Fri-Sun)	\$1,200.00 3 day		\$1,200.00
Large Event no Liquor & Security (Fri-Sun)	\$750.00 3 day		\$750.00
Large Event (1 day)	\$350.00 1 day		\$350.00
Small Event - hourly	\$40.00 an hour		\$40.00
Smart Room/Council Chambers	\$20.00 an hour		\$20.00
Exercise Rental	\$10.00 per use		\$10.00
Lions Club Unlimited Meeting Annual Fee	\$900.00 annual		\$900.00

City Council
2023 October Council Meeting
Vergas Event Center and Zoom Id number 267-094-2170 (password
56587)
6:30 PM on Tuesday, October 10, 2023

11. Information & Announcements

Trainings:

A. LMC, Safety and Loss Control Workshop, Peer Support Training, Cybersecurity Essentials, October 31, 2023 Fergus Falls, (Lammers, DuFrane, Engebretson)

B. Securing State & Federal Funding for your Community, Thursday, November 2, 2023 8:00 am. Thumper Pond Resort Ottertail Mn 56571

Events:

A. Streets/Sidewalks/Yard Waste public comment meeting regarding Sunset Strip, Wednesday, October 18, 2023 at 6:30 pm Council Chambers Vergas Event Center

Files Attached

- Securing State & Federal Funding For your Community.pdf



SECURING STATE & FEDERAL FUNDING FOR YOUR COMMUNITY

Senator Jordan Rasmusson Invites You to an Event for Senate District 9

Minnesota cities and counties can apply for various state and federal grants. Learn from agency representatives and other professionals about current and upcoming funding opportunities, as well as what you can do to be competitive.

WHO IS INVITED?

City & County Staff & Elected Officials in MN Senate District 9

QUESTIONS?

Nick Leonard, Otter Tail County Deputy Administrator
218-998-8057

nleonard@ottertailcounty.gov

SAVE THE DATE

Thumper Pond Resort
Lakes Conference Room
300 Thumper Lodge Road
Ottertail, MN 56571
Thursday, November 2, 2023 | 8:00 a.m.



 SCAN ME

Scan the QR code
to reserve a spot