

TO: MAYOR AND CITY COUNCIL
FROM: LANELL ENDRES, INTERIM CITY ADMIN/FINANCE DIRECTOR
SUBJECT: NORTHLAND SECURITIES FINANCIAL AGREEMENT
MEETING DATE: APRIL 3, 2018

BACKGROUND

The City is in the process of reviewing financial information for the proposed Cannon River Winery expansion project. Part of that process is the request for financial assistance through tax abatement. Northland Securities, Inc. is able to provide assistance to the City for the establishment of the tax abatement and analysis of the request. The scope of the work is not expected to exceed \$3,000.

REQUESTED COUNCIL ACTION

Staff requests a motion to enter into an agreement with Northland Securities, Inc. to have them provide assistance with the tax abatement request from Cannon River Winery.

Attachment(s):
Financial Planning Agreement

FINANCIAL PLANNING AGREEMENT

BY AND BETWEEN
THE CITY OF CANNON FALLS, MINNESOTA
AND
NORTHLAND SECURITIES, INC.

FINANCIAL PLANNING SERVICES

This Agreement made and entered into by and between the City of Cannon Falls, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

WITNESSETH

WHEREAS, the City desires to use the services of NSI for financial planning assistance related the establishment of a tax abatement (the "Tax Abatement") pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Act") to assist the private development of commercial property within the City of Cannon Falls (the "Project").

WHEREAS, the Project is intended solely for financial planning and NSI is not providing advice on the timing, terms, structure or similar matters related to a specific bond issue.

WHEREAS, NSI desires to furnish services to the City as hereinafter described.

NOW, THEREFORE, it is agreed by and between the parties as follows:

SERVICES TO BE PROVIDED BY NSI

The scope of work to be performed by NSI is based on the following factors:

1. The City is in need of financial services to assist with consideration of a request for financial assistance for the Project by a private developer.
2. The City desires to consider the request and complete an analysis of the Tax Abatement request for the Project and to prepare for possible authorization of property tax abatement.

NSI will undertake the following tasks:

The scope of work will undertake the process to establish the property tax abatement. Legal services to review documents, and any related contracts with third parties, is not provided by NSI and are not subject to this agreement. NSI will provide the following services:

1. Work with the City to set and distribute calendar of key dates.
2. Collect data for the establishment of the Tax Abatement, including, but not limited to:
 - a) The parcels included and identification of any existing property tax abatements previously authorized by the City.

- b) The parcels and property value subject to consideration of the Tax Abatement.
 - c) The rate of property taxation.
 - d) City map showing project location and parcel boundaries.
2. Calculate the maximum amount of the Tax Abatement, based on limitation in state law, the City may be authorized to approve.
 3. Identify property value impact of the Project.
 4. Work with the City to determine the maximum number of years that the Tax Abatement will be considered for the Project.
 5. Prepare different scenarios, based on direction from the City, for providing the Tax Abatement assistance.
 6. Draft or assist the City and its Attorney with the drafting of the Tax Abatement resolution.
 7. Prepare notice of hearing and assist the City with complying with statutory requirements for mailing and publication.
 8. Attend and present on item at public hearing on tax abatement.
 - a) A business subsidy hearing may be required depending on final proposed terms for financial assistance. NSI will assist the City with complying with the business subsidy statutory requirements of the City in approving financial assistance for the Project.
 9. Complete financial evaluation of request for financial assistance and the Tax Abatement.
 - a) Review and analyze the developer's justification for the use of tax abatement.
 - b) Complete an independent analysis of pro forma for the Project to determine need for tax abatement.
 10. Assist the City and its Attorney with drafting of the development agreement and business subsidy.

This scope of work includes one (1) meeting with the City Council for the public hearing.

COMPENSATION

The budget for undertaking the tasks in this agreement is an amount not to exceed \$3,000. The amount is based on the estimated number of hours required to complete these tasks at an hourly billing rate of \$200 per hour plus reimbursable expenses for travel, printing, and mailing. NSI will bill on a monthly basis for actual services performed and reimbursable expenses.

The City may at its discretion authorize NSI to undertake additional tasks, including meeting attendance, beyond the tasks listed above. Additional planning services shall be billed monthly at a rate of \$200 per hour.

Invoices will detail the work performed, requested compensation for the period and show amounts previously billed.

ASSIGNED NORTHLAND EMPLOYEE

The NSI employee responsible for providing services pursuant to this agreement and for the services performed is Tammy Omdal.

SUCCESSORS OR ASSIGNS

The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

DISCLAIMER

In performing service under this agreement, NSI is relying on the accuracy of information provided by the City and the services provided by NSI are based on current State Law. The parties agree that the Minnesota property tax system and other laws may change and may affect the accuracy and validity of services provided by NSI. NSI will perform its work using the best available information.

TERM OF THIS AGREEMENT

This Agreement may be terminated by thirty (30) days written notice by either the City or NSI. In the event of early termination by the City, NSI shall provide the City with an itemized hourly statement of services already provided. All billable hours by NSI shall be billed at the stated hourly rates should early termination occur.

Dated this ___ day of _____, 2018.

Northland Securities, Inc.

By: _____

Thomas Bartzen

Head of Public Finance

City of Cannon Falls, Minnesota

By: _____

Title: _____