

**City of East Bethel
City Council Agenda
City Council Regular Meeting
Date: June 12, 2023 at 7:00 p.m.**



This City Council meeting may be monitored live via the following means:
Cable Channel 10, MidcoTV Channel 77, or the City of East Bethel YouTube channel
(www.youtube.com/channel/UC8_7ShcME-XG14pN5JrmBGg/live)

7:00 PM

- 1.0 Call to Order**
- 2.0 Pledge of Allegiance**
- 3.0 Adopt Agenda**
- 4.0 Presentations and Public Hearings**
 - A. Resolution 2023-38, Accept Resignation of Mayor Tim Harrington, Declaration of a Mayoral (p. 3-8)
 - B. Vacancy on the City Council and Appointment to fill the Vacant Position; and Resolution 2023-39, Declare a vacancy of a Council seat
 - C. Public Hearing: Nexus Conduit Bond Financing (p. 9-69)
 - D. C. Public Hearing: Off Sale Liquor License – Bethel Liquor LLC (p. 70-73)
- 5.0 Public Forum**
- 6.0 Consent Agenda (p. 74-76)**

Any item on the consent agenda may be removed for consideration by request of any Council Member and put on the regular agenda for discussion and consideration

 - A. Approve Bill List (p. 77-82)
 - B. Minutes: May 22, 2023 City Council Meeting (p. 83-97)
 - C. Resolution 2023 – 41 Juneteenth Holiday (p. 98)
 - D. AHS Impound/Kenneling Contract (p. 99-105)
 - E. Overlay Project Bids (p. 106-109)
 - F. 2023-2024 Liquor Licenses (p. 110)
 - G. Res. 2023-42, Cedar East Bethel Lions Temporary One Day Liquor License (p. 111)
 - H. Res. 2023-44, Allowing Route 65 Temporary Liquor Sales in a City Park for Booster Days Event (p. 112)
 - I. Res. 2023-45, Allowing East Bethel Booster Days Inc to Conduct a Raffle for Booster Days Event (p. 113)
- 7.0 New Business - Commission, Association and Task Force Reports**
 - A. Planning Commission

- B. Economic Development Authority
- C. Park Commission

8.0 Department Reports

- A. Community Development
- B. Engineer
- C. City Attorney
 - 1. City Attorney Report - Cannabis Bill, HF100A (p. 114)
- D. Finance
- E. Public Work
- F. Fire Department
- G. City Administrator

9.0 Other

- A. Staff Report
- B. Council Reports
- C. Other
- D. Closed Session - Purchase or Sale of Real Property
Minn. Statute § 13D.0 subd. 3(c); Easement Acquisition for the University Ave Street
Reconstruction Project (p. 115-122)

10.0 Adjourn

**City of East Bethel
City Council Meeting
Agenda Item Information**



Date: June 12, 2023

Agenda Item Number: Item 4.0 A

Agenda Item: Resolution 2023-38, Acceptance of Mayoral Resignation, Declaration of a Vacancy for the Position and Appointment of the Mayor to Fill the Unexpired Term of Tim Harrington and Resolution 2023-39, Declaration of a Vacancy of a City Council Seat and Consideration of Appointment to that seat.

Background Information:

Tim Harrington submitted his resignation as Mayor, effective immediately, on June 1, 2023 (see Attachment 1). Unless the resignation expressly states it is to take effect at a future date, the resignation will be effective when received by the council. If the resignation states it takes effect on a specified date, the vacancy occurs on that date if it has been received by the council or other official authorized by the council to receive documents on its behalf even if the council has not formally accepted it at a council meeting. To withdraw a resignation, the resigning officer must submit a written statement of withdrawal in the same manner as the resignation. In order to be effective, the withdrawal must be received before the council accepts the resignation by resolution or before an officer authorized to receive it has issued a written acceptance.

Acting Mayor and Council Member Brian Mundle has performed the duties of mayor and will continue with these duties until a successor is appointed.

Resignations should be accepted by resolution of the City Council (see Attachment 2) and upon acceptance, the resignation cannot be withdrawn.

As the council must fill vacancies in elective offices, it must make a determination as to the vacancy. In this case, the resignation of Mr. Harrington supports the existence of the vacancy and council should pass a resolution declaring the Mayor's seat vacant and then fill it as soon as possible.

State law provides that statutory city councils make the appointment to fill a vacancy, except in the case of a tie vote when the mayor makes the appointment. That means all members of the council, including the mayor, can vote on the appointment. And as long as at least a quorum of the council is present, a majority vote of those present is sufficient to make the appointment. State law does not place any limitation on a mayor's ability to make an appointment in the case of a tie vote. As a result, the mayor can appoint any qualified person willing to fill the vacancy even if that person was not the subject of the original appointment vote.

When the vacancy is for the mayor's office and the council casts a tie vote, the acting mayor should make the appointment. The acting mayor may not, however, appoint himself or herself. The council may appoint any individual who is eligible for election to that office. Generally, to be eligible a person must be a U.S. citizen, a resident of the city, and at least 21 years old. The council is not obligated to appoint any candidate previously defeated in an election for the office. A resigning council member may not vote on the appointment of the successor to that vacancy. A council member who is elected mayor, however, may participate in the appointment vote to fill the vacancy in his or her former council position.

Minnesota law is silent on the appointment process and, thus, the City Council may decide how it will go about determining persons to appoint.

Under certain circumstances, individuals appointed to fill council vacancies serve on a temporary basis, and the city must hold a special election to elect a permanent replacement to fill the vacancy. Two factors determine whether an election is required: first, whether filing has opened for the next regular city election, and second, the length of the unexpired portion of the term at the time of the vacancy. If the vacancy occurs on or after the first day to file as a candidate for the next regular city election or if less than two years remain in the unexpired term, the city does not need to hold a special election, and the appointed person can serve out the remainder of the unexpired term. **No special election is required in this case.** (Source: LMC – Handbook for Minnesota Cities)

Attachment(s):

Attachment 1 – Letter of Resignation – Tim Harrington

Attachment 2 – Resolution 2023-38, Accepting Resignation, Declaring Vacancy and Appointment

Attachment 3 – Resolution 2023-39, Declaring a Vacancy and Appointment

Attachment 4 – Oath of Office

Recommendation(s):

Recommendation 1 – Consider approval of Resolution 2023-38, accepting the resignation of Tim Harrington as Mayor of East Bethel, declaring a vacancy of this seat and upon this action filling this seat as soon as possible. If the seat is filled at the meeting, the new mayor can take the Oath of Office and assume this position immediately.

Recommendation 2 – Should a sitting member of City Council be appointed to the Mayor’s seat, Council is requested to approve Resolution 2023-39, Declaration of vacancy of a Council seat and make an appointment for this seat as soon as possible. If the seat is filled at the meeting, the new councilperson can take the Oath of Office and assume this position immediately

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

Thursday, June 1, 2023

City of East Bethel
Attn: Jack Davis, City Admin
2241 221st Avenue NE
East Bethel, MN 55011

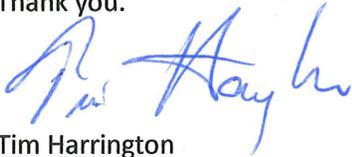
RE: RESIGNATION FROM MAYOR OF EAST BETHEL, EFFECTIVE IMMEDIATELY

Mr. Davis:

Please accept my resignation as Mayor of the City of East Bethel, Minnesota, effective immediately.

I would like to thank you and the City staff for the support you have given me and everything that you have done for me in the past.

Thank you.



Tim Harrington

RESOLUTION NO. 2023-38

**A RESOLUTION ACCEPTING A RESIGNATION AND DECLARING A
MAYORAL VACANCY ON THE EAST BETHEL CITY COUNCIL**

WHEREAS, Mayor Tim Harrington has submitted his resignation as Mayor of the East Bethel City Council on June 1, 2023; and

WHEREAS, by this resolution, the East Bethel City Council accepts this resignation; and,

WHEREAS, this resignation has created a vacancy on City Council; and

WHEREAS, the East Bethel City Council declares this vacancy and shall determine the process for filling the position;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EAST BETHEL, MINNESOTA AS FOLLOWS:

1. Council declares that a vacancy exists for the seat of Mayor and intends to fill this position at June 12, 2023 East Bethel City Council Meeting.

Passed by the City Council of East Bethel, Minnesota this 12th day of June, 2023,

Acting Mayor

Attested:

City Clerk

RESOLUTION NO. 2023-39

A RESOLUTION DECLARING A CITY COUNCIL VACANCY.

WHEREAS, the East Bethel City Council has appointed a sitting member of Council to the Mayor's seat effective June 12, 2023; and

WHEREAS, this appointment has created a vacancy on City Council; and

WHEREAS, the East Bethel City Council must declare this vacancy and determine the process for filling the position;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EAST BETHEL, MINNESOTA AS FOLLOWS:

1. Council declares that a vacancy exists on City Council effective on June 12, 2023 and intends to fill this seat as soon as possible by a means to be determined by the Council

Passed by the City Council of East Bethel, Minnesota this 12th day of June, 2023,

Acting Mayor

Attested:

City Clerk



Oath of Office

I, <<**NAME**>>, do hereby solemnly swear that I support the Constitution of the United States and the Constitution of the State of Minnesota, and that I will faithfully, justly, and impartially discharge the duties of _____ for the City of East Bethel, County of Anoka, State of Minnesota, to the best of my knowledge and ability. So help me God.

**City of East Bethel
City Council Meeting
Agenda Item Information**



Date: June 12, 2023

Agenda Item Number: 4.0 B

Agenda Item: Public Hearing – Resolution 2023 – 40, Conduit Bonding Nexus Diversified Community Services

Background Material:

At the May 1, 2023 Work Meeting, City Council received a presentation from the city's bond counsel, Dorsey and financial advisor, Ehlers, regarding a request for the City's participation in \$10 million in conduit bond financing for the proposed purchase of the Cambia Hills facility by Nexus Family Healing.

The City of Ham Lake initially considered to partner with East Bethel to be a \$7 million bond issuer for the project but later declined to participate as a co-partner in the conduit bond issuance. However, the Anoka County Finance Committee, composed of Commissioners Matt Look, Julie Braastad and Jeff Reinert, recommended approval of the Nexus request to be the second bond conduit partner behind East Bethel. The Committee showed a high level of support for their service and understood the value the conduit bond program could bring to the project. The Committee expects their recommendation to receive all County approvals.

ISD 15 School Superintendent, Karsten Anderson, spoke in support of the need for the service be provided by Nexus at the May 1st meeting, but had concerns regarding charges for rent, state re-imbusement of the of ISD 15's cost for out of district students and staffing for district provided services. City council members questioned if there would be additional costs borne by the school district to support these services. Discussions are underway to resolve these matters.

From the presentation made to City Council on May 22, 2023 and further reviewed at the June 5, 2023 City Council Work Meeting, , Nexus is coming to East Bethel either with or without the approval of the conduit bond financing. The difference between the two scenarios is that without conduit bond financing, Nexus would have a higher cost of borrowing of which a portion would be passed along to the school district in higher costs for classroom rental space and other chargeable expenses for the educational component of their service. Approval of the conduit bond financing would result in lower costs to ISD 15 as opposed to taking no action on or rejecting this consideration.

Attachment(s):

Attachment 1 – Resolution 2023-40

Attachments – 2 through 5, Supporting Documents to Resolution 2023-40

Fiscal Impact:

The City may charge the borrower an issuance fee for its services in connection with bond financing. This fee is to be negotiated should the bonding be approved.

If the City issues the proposed bonds, the borrower will be required to pay all direct and indirect expenses of the City and indemnify and hold the City harmless against any liability related to the issuance of the Bonds. As the City’s bond counsel, Dorsey will prepare the bond documents and represent the City’s interests in the financing, but the city’s cost (as well as the fees of all other parties involved with the financing) would be paid by the Borrower.

Summary:

The City of East Bethel will hold a Public Hearing on June 12, 2023 at 7 PM at City Hall to take comment regarding the consideration of the issuing conduit bonds in the amount of \$10 million to Nexus Diversified Community Services (Nexus). Anoka County has agreed to partner with City and issue \$7 million in bonds to compliment the City’s proposed participation in the project

Nexus will be purchasing the Cambia Hills property and provide the same service as the previous operator, Cambia Hills of East Bethel, LLC.

The bonds that would be issued pose no liability or expense to the city and qualify for tax exempt status that enable a lower payback of the bonds over conventional financing. The implications of this savings is a lesser impact on potential costs to the school district.

Conduit bonding is a means to issue tax exempt bonds to finance health care services (MN State Statutes 469.153, subd. 2). Again, this issuance would create no liability or expense to the City.

The Public Hearing is only related to the issuance of the bonds. The educational component of the Nexus service is a separate matter with ISD 15 and these two groups are currently engaged in discussions to work out the details of their agreement.

Recommendation (s): City Council is requested to hold a public hearing regarding the \$10 million issuance of conduit bonds for the Nexus for purchase of the Cambia Hills Facility to be operated under the terms of the Conditional Use Permit that exist for the use of this property, and at the conclusion of the public hearing, consider approval of Resolution 2023-40 as exhibited in Attachment 1 and documents relating thereto as exhibited in Attachments 2 -5. City Bond Counsel, Dorsey, developed these documents on behalf of the City and endorses the approval of the same.

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION NO. 2023-40

**RESOLUTION RELATING TO A FINANCING UNDER
MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.165, AS AMENDED, ON
BEHALF OF NEXUS DIVERSIFIED COMMUNITY SERVICES;
AUTHORIZING EXECUTION AND DELIVERY OF DOCUMENTS RELATING
THERETO**

WHEREAS, the City of East Bethel, Minnesota (the “City”), is authorized by Minnesota Statutes, Sections 469.152 through 469.165, as amended (the “Act”), to issue its revenue obligations to finance projects consisting of properties, real or personal, used or useful in connection with a revenue-producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes and related medical facilities under the Act, and to enter into a loan, lease or revenue agreement with any nonprofit corporation providing such services, whereby the City agrees to loan the proceeds of its revenue notes to such nonprofit corporation and such nonprofit corporation agrees to make payments fixed and revised from time to time as necessary so as to be sufficient to pay in full the principal of, premium, if any, and interest on such revenue notes when due;

WHEREAS, Nexus Diversified Community Services (the “Corporation”), a Minnesota nonprofit corporation and an organization recognized under section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), now proposes that the City issue a revenue note under the Act (the “Note”) to finance a portion of the costs of acquiring real estate and certain personal property located in the City for use as a residential psychiatric treatment facility (the “Project”), to pay for startup costs relating to the Project and to pay for costs of issuing the Note;

WHEREAS, the Corporation has advised the City that the proposed issuance of the Note by the City to finance costs of the Project and to pay costs of issuing the Note will produce lower borrowing costs for the Corporation and assist the Corporation in its efforts related to the Project;

WHEREAS, the City Administrator has caused a notice of public hearing to be published once in the *Anoka County Union Herald*, the official newspaper of the City, on May 26, 2023, not fewer than 14 days before the date hereof, in the form of Exhibit A hereto, which form is incorporated herein by reference for the purpose of satisfying the approval requirements of section 147(f) of the Code;

WHEREAS, a public hearing on the issuance of the Note of the City to finance the Project has been held on the date hereof after notice duly published as required by law, and the views of all interested persons with respect thereto presented at the hearing have been considered; and

WHEREAS, forms of a Note Purchase Agreement among the City, Bremer Bank, National Association (the “Lender”), and the Corporation (the “Note Purchase Agreement”); a Loan Agreement among the City, the Lender, and the Corporation (the “Loan Agreement”); the Note; and an Assignment and Pledge Agreement between the City and the Lender (the “Assignment,” and collectively with the Note Purchase Agreement, the Loan Agreement and the Note, the “Financing Documents”) have been prepared and presented to the Council at this meeting.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF EAST BETHEL, MINNESOTA, that this Council, subject to approval of the issuance of revenue notes and the Project by the State of Minnesota Department of Employment and Economic Development, the City hereby finds that approval of the issuance of the Notes of the City is in the public interest of the City, and approves the issuance of the Note under the Act, the proceeds of which will be used to finance costs of the Project and to pay certain costs of issuing the Note.

BE IT FURTHER RESOLVED that the Financing Documents are hereby approved as to form, and the Mayor and the City Administrator, or their authorized designees, are hereby authorized and directed, in the name and on behalf of the City, to execute and deliver the Financing Documents, with such changes, additions and modifications thereto as may be deemed appropriate and are approved by the Mayor and the City Administrator, or their authorized designees, and other officers, staff and employees of the City, which approval shall be conclusively evidenced by execution of documents by the Mayor and the City Administrator, or their authorized designees, and other officers, staff and employees of the City.

BE IT FURTHER RESOLVED that the Mayor and City Administrator, and other officers, staff and employees of the City, together and/or in their individual capacities, are hereby authorized to execute and deliver all applications, certificates, instruments, documents and agreements which are necessary in connection with the issuance of the Note and not inconsistent with the Financing Documents, and to take all other actions necessary to consummate the transactions contemplated by the Financing Documents and to carry out the City's obligations under the Financing Documents.

BE IT FURTHER RESOLVED that City shall proceed to issue the Note in the principal amount of not to exceed \$10,000,000 upon the terms and conditions specified in the Loan Agreement and the Note Purchase Agreement; the Note shall mature and be payable on the dates and in the amounts provided in the Note, shall be subject to prepayment and purchase prior to maturity as provided in the Note and shall bear interest at such rate or rates as provided in the Note.

BE IT FURTHER RESOLVED that Mayor and the City Administrator, or their authorized designees, are hereby authorized and directed to prepare and execute the Note in substantially the form prescribed in the Loan Agreement, and to deliver the executed Note to the Lender with a copy of this resolution and such other documents required by the Financing Documents or the Lender and, upon receipt of the purchase price therefor by or on behalf of the Borrower, the City shall deliver the Note to the Lender.

BE IT FURTHER RESOLVED that Mayor and the City Administrator, or their authorized designees, and other officers, staff and employees of the City are authorized and directed to prepare and furnish to the Lender and to Dorsey & Whitney LLP, as bond counsel ("Bond Counsel"), certified copies of all proceedings and records of the City relating to the Note, and the same are authorized to take such actions necessary or appropriate in connection with the consummation of the transactions described herein, and to execute and deliver such other affidavits, certificates, agreements, instruments and documents as may be required by the Lender or Bond Counsel, including but not limited to certificates to show the facts relating to the validity and marketability of the Note as such facts appear from the books and records of the City, and all copies of such certificates, affidavits, agreements, instruments and documents, including any

heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

BE IT FURTHER RESOLVED that the City hereby designates the Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations, which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation), which will be issued by the City and all subordinate entities during calendar year 2023 does not exceed \$10,000,000.

BE IT FURTHER RESOLVED that all actions heretofore taken by the City and any officers, staff or employees of the City in connection with the transactions described herein are hereby ratified and approved.

BE IT FURTHER RESOLVED that in the event of the absence or disability of the Mayor or the City Administrator, the Acting Mayor or the Acting City Administrator, as the case may be, or any designee thereof, may do and authorize all things and take all actions hereby authorized without further approval of this Council.

Adopted this 12th day of June, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Tim Harrington, Mayor

ATTEST:

Jack Davis, City Administrator

Attachment: Notice of Public Hearing

EXHIBIT A

NOTICE OF PUBLIC HEARING ON A PROPOSED FINANCING ON BEHALF OF NEXUS
DIVERSIFIED COMMUNITY SERVICES AND THE ISSUANCE OF REVENUE
OBLIGATIONS UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH
469.165, AS AMENDED

CITY OF EAST BETHEL, MINNESOTA

NOTICE IS HEREBY GIVEN that the City Council of the City of East Bethel, Minnesota (the “Issuer”), will meet on June 12, 2023, at 7:00 p.m., at 2241 221st Avenue NE, East Bethel, Minnesota, for the purpose of conducting business, including but not limited to a public hearing on the proposal that the Issuer issue its revenue bonds or notes (the “Obligations”), in one or more series, in an aggregate maximum principal amount of \$10,000,000, under Minnesota Statutes, Sections 469.152 through 469.165, as amended (the “Act”), on behalf of Nexus Diversified Community Services, a Minnesota nonprofit corporation and an organization recognized under section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) (the “Corporation”). The Obligations are proposed to be issued as qualified 501(c)(3) bonds as defined in section 145 of the Internal Revenue Code of 1986, for the purpose of (i) financing a portion of the costs of acquiring real estate and certain personal property located at 900 189th Avenue NE, East Bethel, Minnesota, for use as a residential psychiatric treatment facility (the “Project”), and (ii) paying costs of issuing the Obligations. The Corporation will be the initial legal owner of the Project and the Project will be operated and principally used by an affiliate of the Corporation, Nexus Family Healing, a Minnesota nonprofit corporation and an organization recognized under section 501(c)(3) of the Code (the “Operator”).

The Obligations will be special, limited obligations of the Issuer, and the principal thereof and interest thereon will be payable solely from the revenues of the Corporation pledged to the payment thereof, and amounts derived from the security provided by the Corporation and the Operator as permitted by the Act. No holder of any Obligations will ever have the right to compel any exercise of the taxing powers of the Issuer to pay the Obligations or the interest thereon, or to enforce payment against any property of the Issuer except money payable by the Corporation or the Operator to the Issuer and pledged to the payment for the Obligations.

A draft copy of the proposed Application to the Minnesota Department of Employment and Economic Development for approval of the Project, together with draft copies of all attachments and exhibits thereto, is available for public inspection at the office of the City Administrator, located in the City Hall, during normal business hours, 8 a.m. to 4 p.m., Monday through Friday.

All persons interested may appear and be heard at the public hearing to be held at the time and place set forth above, or may file written comments with the City Administrator of the Issuer prior to the date of the public hearing set forth above.

Dated: May 26, 2023.

BY ORDER OF THE CITY COUNCIL
By /s/ Jack Davis, City Administrator

DW Draft 6/8/2023

\$10,000,000
City of East Bethel, Minnesota
Revenue Note
(Nexus Diversified Community Services Project)
Series 2023

NOTE PURCHASE AGREEMENT

among

CITY OF EAST BETHEL, MINNESOTA

NEXUS DIVERSIFIED COMMUNITY SERVICES

and

BREMER BANK, NATIONAL ASSOCIATION

Dated as of June [__], 2023

This NOTE PURCHASE AGREEMENT (the “Purchase Agreement”), is dated as of June [___], 2023, and is entered into among the CITY OF EAST BETHEL, MINNESOTA, a Minnesota municipal corporation (the “Issuer”), NEXUS DIVERSIFIED COMMUNITY SERVICES, a Minnesota nonprofit corporation (the “Borrower”), and BREMER BANK, NATIONAL ASSOCIATION (the “Lender”).

WHEREAS, the Issuer is authorized and empowered under Minnesota Statutes, Sections 469.152 to 469.165, as amended (the “Act”), to issue and sell revenue bonds and lend the proceeds thereof to a nonprofit corporation for the purpose of financing and refinancing certain projects authorized thereby, including the Project (as defined below); and

WHEREAS, the Borrower, a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), has requested that the Issuer issue a revenue note under the Act to finance a portion of the costs of acquiring real estate and certain personal property located at 900 189th Avenue NE, East Bethel, Minnesota, for use as a residential psychiatric treatment facility (the “Project”), including the payment of issuance costs incurred in connection with the issuance of the Note described below; and

WHEREAS, the City Council of the Issuer has approved the issuance of the Note, in accordance with all pertinent requirements of the Act;

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter contained, the parties hereto covenant and agree as follows:

Section 1. Agreement to Purchase. The Lender hereby agrees to purchase the Issuer’s \$10,000,000 Revenue Note (Nexus Diversified Community Services Project), Series 2023 (the “Note”), from the Issuer, as provided in the Loan Agreement (as defined herein), at a price equal to 100% of the principal amount thereof, subject to the conditions hereinafter set out. The proceeds of the Note will be loaned and disbursed to Nexus Diversified Community Services (the “Borrower”) for the purpose of financing a portion of the costs of acquiring real estate and certain personal property located at 900 189th Avenue NE, East Bethel, Minnesota, for use as a residential psychiatric treatment facility (the “Project”), and paying the costs of issuance and other associated costs and expenses relating to the Note. The Note will be issued pursuant to the terms of the Loan Agreement which shall be as provided in Exhibit A, in all respects subject to the final agreement of the parties hereto, in accordance with the provisions of the approving resolution of the Issuer adopted June 12, 2023, and in accordance with the Act.

On the closing date of the Note, the Issuer, the Borrower and the Lender will enter into a Loan Agreement (the “Loan Agreement”) evidencing the Borrower’s obligation to repay the Loan and the Note pursuant to the terms of the Loan Agreement, which Loan Agreement shall also contain financial covenants, security provisions and other terms acceptable to the Lender and the Borrower.

Section 2. Conditions to Purchase. The obligation of the Lender to purchase the Note hereunder is conditioned upon delivery to the Lender on the Closing Date (as defined in the Loan Agreement) of the following, each in form acceptable to the Lender in its sole discretion, any of which may be waived by the Lender:

(a) a certificate dated the Closing Date and signed by the Authorized Borrower Representative stating that no Event of Default and no event which, with the giving of notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing or shall exist upon the completion of the Closing;

(b) a Certificate of the Authorized Borrower Representative, dated the Closing Date, stating that as of such date the representations and warranties of the Borrower contained in Section 2.2 of the Loan Agreement are true and correct in all material respects;

(c) an opinion of Dorsey & Whitney LLP, as Bond Counsel;

(d) Certified copies of the Note Resolution authorizing the issuance and sale of the Note and the execution and delivery of the Note Documents;

(e) the executed Note and executed counterparts of the Loan Agreement, the Assignment and Pledge Agreement, the Guaranty and the Mortgage;

(f) satisfaction of closing conditions and final legal documentation, including all closing costs and legal expenses to be paid by the Borrower; and

(h) environmental reports, surveys, and title insurance policies relating to the Project and any Mortgaged Property.

The Lender's purchase of the Note is not conditioned upon the purchase of any notes, bonds or other obligations to be issued in the future by the Issuer or any other governmental issuer to finance a portion of the costs of the Project.

Section 3. Defined Terms. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Loan Agreement

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Lender has caused this Note Purchase Agreement to be executed in its name, all as of the date first written above.

BREMER BANK, NATIONAL ASSOCIATION

By: _____

Its: Senior Vice President

[Signature Page to Note Purchase Agreement, between the City of East Bethel, Minnesota,
Nexus Diversified Community Services and Bremer Bank, National Association]

IN WITNESS WHEREOF, the Borrower has caused this Note Purchase Agreement to be executed in its name, all as of the date first written above.

NEXUS DIVERSIFIED COMMUNITY
SERVICES

By: _____

Its: _____

[Signature Page to Note Purchase Agreement, between the City of East Bethel, Minnesota,
Nexus Diversified Community Services and Bremer Bank, National Association]

IN WITNESS WHEREOF, the Issuer has caused this Note Purchase Agreement to be executed in its name as of the date first written above.

CITY OF EAST BETHEL, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

[Signature Page to Note Purchase Agreement, between the City of East Bethel, Minnesota,
Nexus Diversified Community Services and Bremer Bank, National Association]

EXHIBIT A
FINANCING PROPOSAL

Summary of Terms:

Borrower: Nexus Diversified Community Services

Lender: Bremer Bank, National Association

Loan Amount: Up to \$17,325,000 (\$10,000,000 East Bethel and up to \$7,325,000 Anoka County)

Purpose: Purchase a residential treatment facility in East Bethel, MN, and finance startup costs.

Term: Twenty-seven years with lender puts at each ten-year interval.

Amortization: Interest only for two years then principal and interest payments based upon a 25 year amortization.

Interest Rate: Bank Qualified Tax-Exempt Fixed Rate: a 7 year fixed rate based upon the [(7-year CMT rate plus 1.70%) multiplied by 79%] ("7 Year Rate") reset to a 3-year fixed rate based upon the [(3 year CMT rate plus 1.50%) multiplied by 79%] ("3 Year Rate") on the loan anniversary in 2030 and reset to the 7 Year Rate on the loan anniversary in 2033 and reset to a 3 Year Rate on the loan anniversary in 2040 and reset to a 7 Year rate on the loan anniversary in 2043

Interest rates are subject to change prior to funding.

Prepayment: If prepayment in whole occurs, the Borrower shall pay to the Lender a prepayment fee equal to the following: 3% of the principal amount outstanding in year one (months 1-12); 2% of the principal amount outstanding in year two (months 13- 24); 1% of the principal amount outstanding in year three (months 25-36). The prepayment would reset with the interest rate.

Notwithstanding the foregoing, the prepayment fee shall not be assessed in the event such prepayment is made with funds from the Borrower's own resources or from a refinance of the credit facility with the Lender.

The prepayment structure will reset with interest rate changes.

Origination Fee: 0.15% of the loan amount.

Guarantor: Nexus Family Healing.

- Collateral:** First mortgage and assignment of leases and rents on the property located at 900 189th Avenue Northeast, East Bethel, MN. Second mortgage and assignment of leases and rents on the property located at 407 130th Avenue South, Onamia, MN.
- Covenants:** Loan documents will include financial covenants for Minimum Debt Service Coverage Ratio, Minimum Net Assets and Minimum Cash on Hand.
- Financial Reporting:** Annual and quarterly financial reporting requirements to be required.
- Additional Conditions:**
- Borrower shall maintain depository and treasury management accounts with the Lender.
 - Acceptable environmental reports, survey, and title insurance policy.
 - All loan and collateral documents to be acceptable to Lender and its counsel.
 - Bond counsel opinion confirming the Bank Qualified Status of the Tax Exempt Notes to be issued to the Borrower required.
 - Borrower counsel opinion confirming due organization, authority, execution and delivery and enforceability of documents required.
 - All closing costs and legal expenses and bond counsel expenses to be paid by the Borrower.

DW Draft 6/8/2023

\$10,000,000
City of East Bethel, Minnesota
Revenue Note
(Nexus Diversified Community Services Project)
Series 2023

LOAN AGREEMENT

among

CITY OF EAST BETHEL, MINNESOTA

NEXUS DIVERSIFIED COMMUNITY SERVICES

and

BREMER BANK, NATIONAL ASSOCIATION

Dated as of August 1, 2023

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LOAN AGREEMENT

This LOAN AGREEMENT (the “Loan Agreement”), is dated as of August 1, 2023, and is entered into among the CITY OF EAST BETHEL, MINNESOTA, a Minnesota municipal corporation (the “Issuer”), NEXUS DIVERSIFIED COMMUNITY SERVICES, a Minnesota nonprofit corporation (the “Borrower”), and BREMER BANK, NATIONAL ASSOCIATION (the “Lender” or “Bank”).

RECITALS

WHEREAS, the Issuer is authorized and empowered under Minnesota Statutes, Sections 469.152 to 469.165, as amended (the “Act”), to issue and sell revenue bonds and lend the proceeds thereof to a nonprofit corporation for the purpose of financing and refinancing certain projects authorized thereby, including the Project (as defined below); and

WHEREAS, the Borrower, a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), has requested that the Issuer issue a revenue note under the Act to finance a portion of the costs of acquiring real estate and certain personal property located at 900 189th Avenue NE, East Bethel, Minnesota, for use as a residential psychiatric treatment facility (the “Project”), including the payment of startup costs relating to the Project and costs of issuance incurred in connection with the issuance of the Note described below; and

WHEREAS, the City Council of the Issuer has approved the issuance of the Note, in accordance with all pertinent requirements of the Act; and

WHEREAS, the Issuer proposes to issue and sell to the Lender its \$10,000,000 Revenue Note (Nexus Diversified Community Services Project) Series 2023 (referred to herein as the “Note”), and to make a loan of the proceeds thereof to the Borrower under this Loan Agreement to provide for the paying of costs incurred with respect to the Project and to pay the costs of issuance of the Note, all as more fully described herein; and

WHEREAS, as additional security for the repayment of the Note, a Guaranty Agreement, dated as of August 1, 2023 (the “Guaranty”), has been delivered from the Nexus Family Healing, a Minnesota nonprofit corporation and a 501(c)(3) organization, to the Lender; and

WHEREAS, the Borrower has agreed to execute and deliver a Combination Mortgage, Security Agreement and Fixture Financing Agreement and Assignment of Leases and Rents of even date herewith, granting a mortgage lien against and a security interest in the Project, and a Combination Mortgage, Security Agreement and Fixture Financing Agreement and Assignment of Leases and Rents of even date herewith, granting a mortgage lien against and a security interest in certain other real property of the Borrower, all in order to secure the prompt and full payment of the Loan Repayments (as defined herein) and the principal of and interest on the Note, and the performance of all obligations of the Borrower hereunder.

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Article I and in the succeeding Articles of this Loan Agreement shall, for all purposes of this Loan Agreement and of any agreement supplemental hereto, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“Act” has the meaning set forth in the recitals to this Loan Agreement.

“Additional Parity Debt” shall have the meaning set forth in Section 7.11 hereof.

“Assignment and Pledge Agreement” or “Assignment” means the Assignment and Pledge Agreement from the Issuer to the Lender of even date herewith, and any amendments or supplements thereto.

“Authorized Borrower Representative” means the Chief Executive Officer or Chief Financial Officer of the Borrower, or any other person designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Lender, containing the specimen signature of such person and signed on behalf of the Borrower by the President, any Vice President, the Secretary, the Assistant Secretary, or the Treasurer of the Borrower. Such certificate may designate an alternate or alternates.

“Authorized Issuer Representative” means the City Administrator of the Issuer, or any other person designated to act on behalf of the Issuer by written Certificate furnished to the Borrower and the Lender, containing the specimen signature of such person and signed on behalf of the Issuer by its Mayor. Such certificate may designate an alternate or alternates.

“Bond Counsel” means an Independent, nationally recognized bond counsel.

“Borrower” means Nexus Diversified Community Services, a Minnesota nonprofit corporation, its successors and assigns.

“Business Day” means a day on which banking business is transacted in the city in which the Lender has its designated corporate office.

“Cash and Liquid Investments” means all unrestricted cash and marketable securities (valued at fair market value), including without limitation, funded depreciation, whether classified as current or noncurrent assets, held by the Consolidated Entities for any of their corporate purposes, but excluding the proceeds of any Indebtedness incurred by the Consolidated Entities.

“Certificate” means a certification in writing required or permitted by the provisions of this Loan Agreement or the other Note Documents, signed and delivered to the Lender or other proper person or persons. If and to the extent required by the provisions of Section 1.2 hereof, each Certificate shall include the statements provided for in said Section 1.2.

“Certified Resolution” means a copy of a resolution of the Governing Body, certified by the City Administrator to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification.

“Closing” has the meaning provided in Section 3.1 hereof.

“Closing Date” means the date of issuance and initial delivery to the Lender of the Note as provided in Section 3.1 hereof.

“Code” has the meaning set forth in the recitals to this Loan Agreement.

“Consolidated Entities” means the Borrower; the Guarantor; Nexus-FACTS Family Healing, a Minnesota nonprofit corporation; Nexus-Gerard Family Healing, LLC, a Minnesota limited liability company; Nexus-Kindred Family Healing, a Minnesota nonprofit corporation; Nexus-PATH Family Healing, a North Dakota nonprofit corporation; and Nexus-Woodbourne Family Healing, Inc., a Maryland nonstock corporation; provided, however, that for purposes of the covenants in Section 7.9 and Section 7.10 hereof and related defined terms, the term “Consolidated Entities” shall not include Nexus-Woodbourne Family Healing, Inc.

“Date of Taxability” means such date, if any, as interest on the Note has been determined to be includable in the gross income of the recipient, pursuant to a Determination of Taxability.

“Days Cash on Hand” means the number of days determined by dividing (i) the sum of the Consolidated Entities’ Cash and Liquid Investments by (ii) the quotient resulting from dividing the Consolidated Entities’ total Operating Expenses for the prior Fiscal Year (as determined by generally accepted accounting principles, but excluding extraordinary losses and expenses, unrealized losses on investments, depreciation expense, amortization expense, and any other non-cash expense) by the number of days in such Fiscal Year.

“Debt Service Coverage Ratio” means, for any Fiscal Year or other period of calculation, the ratio of (a) the Consolidated Entities’ Income Available for Debt Service, over (b) the Consolidated Entities’ Total Principal and Interest Requirements.

“Default” means default by the Borrower in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Loan Agreement or any other Note Document, exclusive of any notice or period of grace required for a default to constitute an “Event of Default” as hereinafter provided.

“Determination of Taxability” means the issuance of a statutory notice of deficiency by the Internal Revenue Service, or a ruling of the National Office or any District Office of the Internal Revenue Service, or a final decision by any court of competent jurisdiction, to the effect that interest on the Note is includable in the gross income of the recipient under Section 103 of the Code, and regulations thereunder, if the period, if any, for contest or appeal of such action, ruling or decision has expired without any such contest or appeal having been properly instituted or, if instituted, such contest or appeal has been unsuccessfully concluded. Inclusion of interest on the Note in any alternative minimum tax shall not be a Determination of Taxability.

“East Bethel Mortgage” means the Combination Mortgage, Security Agreement and Fixture Financing Statement and Assignment of Leases and Rents, of even date herewith, relating to the Project, from the Borrower to the Lender, as amended or supplemented from time to time.

“East Bethel Mortgaged Property” means the Mortgaged Property, as such term is defined in the East Bethel Mortgage, and includes but is not limited to the land, buildings and equipment being financed through the issuance of the Note.

“Event of Default” means an Event of Default described in Section 8.1 hereof, which has not been cured.

“Fiscal Year” means, with respect to the Borrower and the Consolidated Entities, the twelve-month period beginning January 1 and ending on December 31, or such other twelve-month period as may be designated in a written Statement of the Borrower delivered to the Lender.

“Governing Body” means, whenever used with respect to the Issuer, the City Council of the Issuer or any successor as governing body of the Issuer.

“Guarantor” means Nexus Family Healing, a Minnesota nonprofit corporation, its successors and assigns.

“Guaranty” means the Guaranty Agreement of even date herewith from the Guarantor to the Lender, as amended or supplemented from time to time, guaranteeing payment of the Note in accordance with the provisions thereof.

“Income Available for Debt Service” means, in any Fiscal Year, the excess of Operating Revenues over Operating Expenses, but (i) including in Operating Revenues (a) charitable contributions which have not been restricted by the donor to a particular purpose; (b) unrestricted equity transfers of cash or cash equivalents from commonly controlled affiliates; and (c) interest and income on investments available for operations or debt service (exclusive of any unrealized gains on investments); and (ii) excluding from Operating Expenses (a) depreciation, amortization and interest expense; (b) any loss resulting from the extinguishment of indebtedness; (c) unpaid management fees that have been subordinated and deferred; (d) extraordinary non-recurring losses and expenses; and (e) unrealized losses on investments.

“Indebtedness” means (a) all the indebtedness of the obligor for borrowed money which has been incurred in connection with the acquisition of assets; and (b) the capitalized value of the liability under any lease of real or personal property which is properly capitalized on the statement of assets, liabilities, and fund balances of the obligor in accordance with generally accepted accounting principles consistently applied.

“Independent,” when used with reference to an attorney, engineer, architect, certified public accountant, or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Borrower or the transaction to which his Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Issuer or the Borrower as an officer, Commissioner, director or employee.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Issuer” means the City of East Bethel, a Minnesota municipal corporation, its successors and assigns.

“Legal Investments” means any investment or investments permitted by applicable law to be made with proceeds of the Note at the date hereof or the date of investment.

“Lender” or “Bank” or “Registered Owner” means Bremer Bank, National Association, with its designated corporate office in St. Paul, Minnesota, its successors and assigns.

“Loan” means the loan from the Issuer to the Borrower provided for by Section 4.2 hereof.

“Loan Agreement” means this Loan Agreement, dated as of August 1, 2023, by and between the Issuer, the Borrower and the Lender, and any amendments or supplements hereto.

“Loan Repayments” means the payments made or to be made by the Borrower pursuant to Section 5.1.

“Long-Term Indebtedness” means any Indebtedness with a term (including extensions and renewals) of more than one year, and including the Note and Additional Parity Debt issued as Long-Term Indebtedness then outstanding.

“Material Adverse Change” means any change in the operations, business, financial position or prospects of the Borrower, including any change in the regulatory, statutory or other governmental requirements applicable to the operations conducted by, or the properties owned or operated by, the Borrower, which, in the reasonable determination of the Lender, is likely to materially adversely affect the capability of the Borrower to perform its obligations hereunder.

“Mortgage” means the East Bethel Mortgage and the Onamia Mortgage, together.

“Mortgaged Property” means the East Bethel Mortgaged Property and the Onamia Mortgaged Property, together.

“Net Assets” means the net assets of the Consolidated Entities determined in accordance with generally accepted accounting principles for nonprofit organizations.

“Net Proceeds” means, when used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Borrower, less the cost of recovery (including attorneys’ fees) of such moneys from the insuring company or the condemning authority.

“Note” means the Revenue Note (Nexus Diversified Community Services Project) Series 2023, issued by the Issuer in the authorized principal amount of \$10,000,000, substantially in the form attached hereto as Exhibit A, and dated the Closing Date, all pursuant to the provisions of this Loan Agreement and the Note Resolution.

“Note Documents” means this Loan Agreement, the Assignment and Pledge Agreement, the Guaranty, the Mortgage, the Note Purchase Agreement and other financing documents relating to the issuance of the Note (including the Tax Certificate).

“Noteholder” means the person or persons in whose name the Note shall be registered in the registration records maintained by the Issuer. The initial Noteholder is the Lender.

“Note Purchase Agreement” means the Note Purchase Agreement between the Issuer, the Lender and the Borrower.

“Note Resolution” means the resolution of the Issuer adopted by the Governing Body on June 12, 2023, authorizing the issuance and sale of the Note, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

“Onamia Mortgage” means the Combination Mortgage, Security Agreement and Fixture Financing Statement and Assignment of Leases and Rents, of even date herewith, relating to certain property of the Borrower located in Onamia, Minnesota, from the Borrower to the Lender, as amended or supplemented from time to time.

“Onamia Mortgaged Property” means the Mortgaged Property, as such term is defined in the Onamia Mortgage.

“Operating Expenses” means, in any Fiscal Year, direct and indirect costs and expenses (including depreciation, allowance for doubtful accounts, amortization and interest expense) incurred by the Consolidated Entities, as determined by generally accepted accounting principles and the Borrower’s audited financial statements.

“Operating Revenues” means, in any Fiscal Year, total operating revenue (less contractual allowances), including investment earnings, as determined by generally accepted accounting principles and the Consolidated Entities’ audited financial statements, but excluding extraordinary or non-recurring items (such as any gain resulting from the sale of assets not made in the ordinary course of business).

“Opinion of Counsel” means a written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Borrower or Issuer. If and to the extent required by the provisions of Section 1.2 hereof, each Opinion of Counsel shall include the statements provided for in said Section 1.2.

“Outstanding” when used as of any particular time with reference to the Note, means the then outstanding principal balance of the Note theretofore executed and delivered under the Note Resolution, but excepting any Note in lieu of or in substitution for which another Note shall have been executed and delivered pursuant to the terms of paragraph 9 of the Note Resolution.

“Project” means the project described in Section 1.3 hereof.

“Redeem” or “Redemption” means and includes “prepay” or “prepayment” as the case may be.

“Tax Certificate” means the Tax Certificate of the Borrower dated August [1], 2023, delivered in connection with the issuance of the Note, and endorsed by the Issuer.

“Total Principal and Interest Requirements” means, in any Fiscal Year, or other period of calculation, the total amount of principal of and interest on any Long-Term Indebtedness of the Consolidated Entities which is to be due and payable in such Fiscal Year.

Section 1.2 Characteristics of Certificate or Opinion. Every Certificate or opinion with respect to compliance with a condition or covenant provided for in this Loan Agreement or the other Note Documents shall include: (i) a statement that the person or persons making such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Certificate or opinion are based; (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such Certificate made or given by an officer of the Borrower or the Issuer may be based, insofar as it relates to legal matters, upon an opinion of counsel. Any such opinion made or given by counsel may be based (insofar as it relates to factual matters information with respect to which is in the possession of the Issuer or the Borrower) upon the certificate or opinion of or representations by an officer or officers of the Issuer or the Borrower.

Section 1.3 Description of Project. The term “Project” refers to the project being financed through the issuance of the Note, which consists of the costs of acquiring real estate and certain personal property located at 900 189th Avenue NE, East Bethel, Minnesota, for use as a residential psychiatric treatment facility.

Section 1.4 Additional Provisions as to Interpretation. All references herein to “Articles”, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not any particular Article, Section or subdivision hereof.

Any terms defined in any other Note Documents but not defined herein shall have the same meaning herein unless the context hereof clearly requires otherwise.

This Loan Agreement is governed by and shall be construed in accordance with the laws of Minnesota.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations by the Issuer. The Issuer makes the following representations as the basis for its undertakings herein:

- (a) The Issuer is a Minnesota municipal corporation.
- (b) On June 12, 2023, the Governing Body of the Issuer duly adopted the Note Resolution giving final approval to the issuance of the Note.
- (c) The issuance and sale of the Note, the execution and delivery of this Loan Agreement, the Assignment and Pledge Agreement, the Note Purchase Agreement and the performance of all covenants and agreements of the Issuer contained in this Loan Agreement, the Assignment and Pledge Agreement, and the Note Purchase Agreement, and the Loan of money hereunder have been duly authorized by action of the Issuer, taken through adoption of the Note Resolution by a majority of the members of the Governing Body at a meeting of the Governing Body duly called and held.
- (d) To provide for costs incurred with respect to the Project and the payment of costs of issuing the Note, the Issuer shall issue the Note to the Lender and lend the proceeds thereof to the Borrower pursuant to this Loan Agreement. The Issuer will issue the Note in the authorized principal amount of \$10,000,000, and the Note will be issued substantially in the form attached hereto as Exhibit A.
- (e) No Councilmember of the Issuer and no other elected or appointed official who is authorized to take part in the making of this Loan Agreement or the issuance of the Note is directly or indirectly interested in this Loan Agreement, the Note, the Project, or any contract, agreement or job hereby contemplated to be entered into or undertaken in connection with the Project.
- (f) There is no litigation pending or, to the best of the knowledge of the officers of the Issuer executing this Loan Agreement, threatened questioning the authority of the Issuer to issue the Note, the due authorization of the Note Resolution or questioning the tax-exempt status of interest on the Note or questioning the powers or authority of the Issuer under the Act, or questioning the corporate existence or boundaries of the Issuer or the title of any of the present officers of the Issuer to their respective offices.
- (g) The execution and delivery by the Issuer of the Note Documents to which it is a party does not violate or constitute a breach of or default under any document or instrument to which the Issuer is a party or any court order to which the Issuer is subject.
- (h) The Issuer has properly designated the Note as a “qualified tax-exempt obligation,” within the meaning of section 265(b)(3) of the Code.

Section 2.2 Representations and Covenants by the Borrower. The Borrower makes the following representations and covenants:

- (a) The Borrower is a nonprofit corporation duly organized and existing under the laws of the State of Minnesota. Pursuant to a letter from the Internal Revenue Service, dated April 8, 1983, the Borrower has been determined to be an organization recognized under Section 501(c)(3) of the Code.

(b) Except as otherwise provided in Section 6.2 hereof, the Borrower intends to own and operate the Mortgaged Property from the date hereof to the expiration or sooner termination of this Loan Agreement, as provided herein, except to the extent such operation may be interrupted by strikes, riots, acts of God or public enemy or other circumstances beyond the control of the Borrower.

(c) The execution and delivery of this Loan Agreement and the other Note Documents, and any other agreement or instrument to be entered into in connection with the Project, and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the articles of incorporation or bylaws of the Borrower, or any note, debenture, lease or other evidence of indebtedness or any contract, loan agreement or lease to which the Borrower is a party or by which it is bound, or violate any law, regulation or order of the United States or the State of Minnesota or agency or political subdivision thereof or of any court order or judgment in any proceeding to which the Borrower is or was a party or by which it is bound.

(d) There is no litigation pending, or to the best of its knowledge threatened, against the Borrower affecting its ability to carry out the financing of the Project or the terms of this Loan Agreement, the other Note Documents, or any other agreement or instrument entered into in connection with the Mortgaged Property.

(e) To the best of the Borrower's knowledge and belief, no Councilmember or other officer or employee of the Issuer is directly or indirectly interested in this Loan Agreement, the other Note Documents, the Project or any contract, agreement or job hereby contemplated to be entered into or undertaken.

(f) So long as the Note shall remain outstanding, the Borrower shall not take or suffer to be taken any action which would have the effect of jeopardizing the tax-exempt status of interest on the Note under the Code or the authority of the Borrower to undertake the Project.

(g) The facilities financed by the Note are and shall be owned, for federal income tax purposes by an organization described in Section 501(c)(3) of the Code or by a unit of state or local government, all to the extent required by the provisions of Section 145(a)(1) of the Code.

(h) Not less than 95% of the proceeds of the Note will be used in accordance with the requirements of Section 145(a) of the Code.

(i) No revenues derived or to be derived from any portion of the Project are or shall be delivered from any "private business use" or from an "unrelated trade or business," within the meaning of Section 513(a) of the Code, except as may be specifically contemplated by Section 145(a) of the Code in amounts that would not require the interest on the Note to become includable in the gross income of the recipients thereof, for purposes of Federal income taxation. In furtherance of this covenant, at least 97% of the facilities (measured by reference to fair market value) financed by the Note is to be used solely and exclusively by a tax-exempt organization in activities which do not constitute unrelated

trades or businesses, determined by applying Section 513(a) of the Code, and the Borrower will not permit more than 3% of such facilities (measured by reference to fair market value) to be used (i) by a tax-exempt organization in an unrelated trade or business or (ii) in the trade or business of any person other than a unit of state or local government or a tax-exempt organization (whether pursuant to a lease, management agreement or other arrangement), unless such use, according to an opinion of Bond Counsel, will not jeopardize the excludability from gross income, for federal income tax purposes, of interest on the Note.

(j) The issuance costs financed by the Note shall not exceed 2% of the proceeds of the Note.

(k) None of the proceeds of the Note shall be used to provide an airplane, skybox or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and the Borrower does not expect that the Project, or any portion thereof, shall subsequently be used for any of such purposes.

(l) The weighted average maturity of the Note does not exceed 120% of the average reasonably expected economic life of the Project, all within the meaning of Section 147(b) of the Code.

ARTICLE III

ISSUANCE OF NOTE

Section 3.1 Issuance of Note by Issuer; Purchase by Lender. To accomplish the issuance of the Note and pay for costs of the Project and costs of issuing the Note, the Issuer will, on the Closing Date, issue the Note and sell the same to the Lender and the Lender will purchase the Note, all pursuant to the terms of and upon satisfaction of the conditions set forth in this Loan Agreement and the Note Purchase Agreement. The proceeds of issuance of the Note shall be loaned to the Borrower as provided in Section 3.2 of this Loan Agreement. The Note shall mature on August [1], 2050, shall be subject to prepayment and purchase prior to maturity as provided in the Note and shall bear interest at such rate or rates from time to time as set forth in the Note. The Issuer will issue the Note in the form attached hereto as Exhibit A.

Section 3.2 Application and Deposit of Note Proceeds. In consideration for providing a loan to the Borrower that is evidenced by the Note, payment for the Note shall be made by the Lender, by payments as follows (such payments to be made for the benefit of the Borrower): (i) to [_____] (the "Title Company"), an amount equal to \$[_____] to acquire the Project, (ii) to the Borrower, \$[_____] to be used for startup costs of the Project; and (iii) to certain third parties, costs of issuing the Note in the aggregate amount of \$[_____] , as detailed in a closing memorandum prepared by the Lender, dated as of the Closing Date and signed by the Borrower. Such payments shall constitute the loan of the Note proceeds from the Issuer to the Borrower under Section 4.2 hereof.

Section 3.3 Registration of Note; Transfer and Assignment by Lender.

(a) The Issuer or its designee shall act as note registrar (“Note Registrar”) for the registration and transfer of the Note, and as such shall keep a register (“Note Register”) to evidence the registration, transfer and exchange of the Note at its principal office. The Note Register may be kept in any form that maintains a record of the registered owners of each Note and their addresses, including without limitation copies of each Note, assignments thereof or notices of assignments thereof.

(b) The Note may be transferred without the necessity of obtaining the consent of Issuer or the Borrower, but only upon the Note Register upon surrender thereof to the Note Registrar accompanied by (i) an assignment in substantially the form attached to the Note duly executed by the registered owner thereof or such registered owner’s attorney or legal representative upon which the Issuer is entitled to rely without further investigation, and (ii) a copy of a notice of assignment sent to the Borrower identifying the name, address and tax identification number of the transferee. Upon any such transfer, at the direction of the Note Registrar, the Issuer shall execute and deliver in exchange for such Note a new Note registered in the name of the transferee, of the same series, of the same outstanding principal amount, maturing in the same amounts at the same times and bearing interest at the same rate. Lender shall have the right to request Issuer to approve one or more transfers or retransfers pursuant to a public offering of any Note or Lender’s interests thereon, but such approval shall be in Issuer’s sole discretion.

(c) The Issuer may make a charge against any registered owner requesting transfer of a Note for every such transfer in an amount sufficient to reimburse it for any tax, attorneys’ fees or other governmental charges required to be paid with respect to such transfer and such charge shall be paid before any such new Note shall be delivered. The reasonable fees and charges of the Issuer for making any transfer or exchange, and the expense of any note preparation necessary to effect any such transfer or exchange shall be paid by the Borrower.

(d) The person in whose name the Note shall be registered on the Note Register shall be deemed and regarded by Issuer and the Borrower as the absolute owner of such Note for all purposes, and payment of or on account of the principal of and prepayment premium, if any, and interest on any such Note shall be made only to or upon the order of the registered Noteholder or such owner’s legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note, including the interest thereon, to the extent of the sum or sums so paid.

(e) The Loan Agreement and the right to receive Loan Repayments from the Borrower hereunder shall automatically be assigned to any transferee of Lender or any other registered owner of such Note without the necessity of any separate instrument of assignment so that the registered owner of such Note is also the owner of the Loan Agreement and such rights (except for the rights of the Issuer under Sections 5.2, 7.1, 7.6, 8.4 and 8.5 thereof relating to expenses and indemnity of the Issuer and the right to enforce said rights). The Issuer and the Borrower agree to execute all documents including notices of assignment and amendments to financing statements, which may be reasonably requested by any such owner to protect their interest in the Loan Agreement.

ARTICLE IV

LOAN OF PROCEEDS

Section 4.1 Loan of Proceeds. The Issuer hereby lends to the Borrower, as further provided in Sections 3.1 and 3.2, the entire gross proceeds of issuance of the Note (\$10,000,000). The obligation of the Borrower to repay said loan (the “Loan”), together with interest and premium, if any, thereon shall become effective immediately upon the transfer and deposits of Note proceeds, as provided in Section 3.2 hereof.

Section 4.2 Reserved.

Section 4.3 Insufficient Proceeds; Borrower Required to Pay Costs of Project. In the event that the proceeds of the Note should not be sufficient to pay in full for the costs of the Project, together with all costs of issuance of the Note, the Borrower agrees, for the benefit of the Issuer and the Lender, to complete the acquisition of the Project and to pay any such additional costs. Neither the Issuer nor the Lender makes any warranty, either express or implied, that the proceeds of the Note, which under the provisions of this Loan Agreement will be available for the Project and payment of costs of issuance, will be sufficient to pay all the costs which will be incurred in connection with the Project. If the Borrower should pay any portion of such costs of the Project in excess of the proceeds of the Note, it shall not be entitled to any reimbursement therefor from the Issuer or the Lender, nor shall it be entitled to any diminution in or postponement of payments to be made under Sections 5.1, 5.2, or 5.6 hereof.

Section 4.4 Inspections. It is expressly understood and agreed that the Lender may conduct such inspections of the Project as it may deem necessary for the protection of its interest, and that any inspections which may be made of the Borrower’s facilities by the Lender will be made solely for the benefit and protection of the Lender, and that the Borrower will not rely thereon. The Borrower shall permit the Lender at all reasonable times and upon reasonable notice to enter upon the Mortgaged Property for purposes of inspection, as permitted by this Section, and to examine the Borrower’s books and records for purposes of assessing compliance with the requirements of this Loan Agreement.

Section 4.5 Issuance Costs. Notwithstanding any other provision hereof, the Borrower covenants that issuance costs financed by the Note shall not exceed 2% of the proceeds of the Note. The Borrower shall pay from its own funds any costs of issuance and real estate costs in excess of 2% of the proceeds of the Notes from the Borrower’s funds.

ARTICLE V

LOAN REPAYMENTS AND OTHER PAYMENTS

Section 5.1 Repayment of Loan. The Borrower covenants and agrees to repay the Loan, together with interest thereon, in Loan Repayments which shall be made on the dates and in the amounts required under the Note to pay, in full and when due, all principal of, interest on and premium, if any, on the Note. The Borrower shall pay as an additional Loan Repayments all amounts required under Section 5.5(d) hereof. Such payments by the Borrower under this Section

shall be made to the Lender via wire transfer or ACH debit in such coin or currency of the United States of America as may be legal tender for the payment of public and private debts. The Borrower shall furnish to the Issuer, if the Issuer so requests, the advice of transmittal of such payments at the time of transmittal of payment. All payments under this Section 5.1 shall be Loan Repayments.

Section 5.2 Additional Payments. The Borrower also agrees to make the following payments:

(a) To the Lender, all reasonable fees and expenses or advances of the Lender charged or made in connection with the transactions contemplated by this Loan Agreement and the other Note Documents, including attorneys' fees, and an origination fee in the amount of \$15,000.00.

(b) To the Issuer, all reasonable expenses of the Issuer incurred or made in connection with the transactions contemplated by this Loan Agreement and the other Note Documents, including attorneys' fees and any fees or charges relating to the sale or transfer of the Note in accordance with the Note Resolution, including but not limited to a one-time administrative fee for services of the Issuer in the amount of \$[_____], to be paid on the Closing Date.

Section 5.3 No Set-Off; Borrower's Obligations Unconditional. The obligation of the Borrower to make the payments and to perform and observe the other agreements on its part contained herein, in the other Note Documents and in the Note shall be absolute and unconditional. So long as any principal of the Note is outstanding, the Borrower will pay without abatement, diminution or deduction (whether for taxes or otherwise) all Loan Repayments required to be paid hereunder, regardless of any cause or circumstance whatsoever including, without limiting the generality of the foregoing: any defense, setoff, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Lender or any other Noteholder or any other person; any failure of the Issuer to perform any covenant or agreement contained herein or in any other agreement between the Issuer or any Noteholder and the Borrower; any indebtedness or liability at any time owing to the Borrower by the Issuer, the Lender or any other Noteholder or any other person; any acts or circumstances that may constitute failure of consideration; damage to or condemnation of the Project; failure or delay in completion of the Project; eviction by paramount title; commercial frustration of purpose; bankruptcy or insolvency of the Issuer, or the Lender; enforcement or foreclosure of any of the Note Documents; any change in the tax or other laws of the United States of America or of any State or any political subdivision of either; or any failure of the Issuer or the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with this Loan Agreement, the other Note Documents or the Note Resolution.

Section 5.4 Optional Prepayment. The Loan and the Note shall be subject to prior optional prepayment, in whole or part, at any time, at the direction of the Borrower, without prepayment penalty or premium, except as required under the Note. In the event the Borrower elects to prepay the Loan, the Borrower shall cause to be given advance written notice to the Lender of such prepayment not less than 30 days prior to such prepayment. Any partial prepayment shall be applied, as directed by the Borrower, either to a reduction of the last installments due and owing

on the Note, in inverse order, or to a pro-rata reduction in the monthly installment payments owing thereunder.

Section 5.5 Tax-Exempt Status of Interest on the Note. It is the intention of the parties hereto that the interest paid on the Note will not be included in the gross income of the recipient of said interest by reason of Section 103 and related Sections of the Code, including, particularly, Section 145 of the Code. In order to confirm and carry out such intention:

(a) The Borrower shall (i) provide such Certificates of the Authorized Borrower Representative, Opinions of Counsel (including Bond Counsel), and other evidence as may be necessary or reasonably requested by the Issuer or any Holder to establish the exemption of interest on the Note under Section 103 and related Sections and the absence of arbitrage expectation under Section 148 of the Code, and (ii) file such information and statements, acting alone or with the Issuer, with the Internal Revenue Service, as may be required from the Borrower or the Issuer to establish or preserve such exemption or as may be required by Section 103 and related Sections of the Code, including Section 149(e) of the Code, and regulations thereunder.

(b) If the Lender shall be given notice of a proposed deficiency by the Internal Revenue Service, based upon a proposed Determination of Taxability, or if a responsible officer of the Lender shall have actual knowledge of any proposed deficiency or ruling by the Internal Revenue Service to the effect that interest on the Note is includable in the gross income of a Noteholder, the Lender shall give notice to the Borrower of such proposed deficiency or ruling as promptly as possible and permit the Borrower, to the extent reasonably possible, to participate in contesting any such proposed deficiency or ruling. Any expenses incurred by the Borrower, the Issuer or the Lender at the request of the Borrower in connection with such contest shall be paid by the Borrower. Notwithstanding the foregoing, the Lender shall have the right to control all proceedings before the Internal Revenue Service and any judicial proceedings relating to taxability of interest on the Note received, including the compromise of claims in such proceedings and abandonment of rights to appeal, and failure of the Lender to give notice to the Borrower under this paragraph (b) shall not affect the Borrower's obligation under paragraph (c) of this Section.

(c) If there shall occur a Determination of Taxability, the Note shall be subject to mandatory prepayment and redemption, in whole, on the 60th calendar day following notice to the Borrower of the Determination of Taxability, at a prepayment price equal to the then outstanding principal amount of the Note, plus accrued interest through the date of prepayment, together with amounts sufficient to reimburse any Noteholder for any taxes owing as a result of the Determination of Taxability, including penalties and interest, and together with such additional amounts as may be necessary to provide to the Lender a taxable equivalent rate of interest on the Note (calculated at the interest rate on the interest then borne on the Note divided by 75% (0.75)), payable from the Date of Taxability to the date of prepayment.

(d) The Borrower hereby acknowledges and confirms its obligations under Section 148 of the Code and regulations thereunder, in order to maintain the tax-exempt status of the Note. Specifically, the Borrower agrees to comply with the rebate

requirements imposed under Section 148(f) and pertinent regulations, including the requirement to make annual (or other periodic) calculations of the amount subject to rebate thereunder, and to maintain records of such determinations until six years after the retirement of the Note, and the requirement to make all required rebate payments to the United States not later than 60 days after the end of the fifth bond year and not later than 60 days after each fifth anniversary thereof, to and until the date which is 60 days after the final retirement of the Note. If the Borrower shall fail to pay the full amount of any rebate payment required to be paid by the Borrower when such deposit is due, the Lender may make payment to the United States, and such payment or deposit shall be an advance under Section 8.05 of this Loan Agreement. In construing the Borrower's obligations hereunder, all terms used in this paragraph (d) shall have the meanings provided in said Section 148(f) and regulations thereunder. The Borrower agrees to make all required rebate payments to the United States, as and when required, and such payments shall constitute additional Loan Repayments under Section 5.1 hereof.

ARTICLE VI

USE OF PROJECT

Section 6.1 Use of Project. The Borrower will use the Project only in furtherance of its lawful purposes and will use and operate the Project or cause the Project to be operated only in accordance with all applicable requirements of the Act, Minnesota law and the Code.

The Borrower will not use or permit any person to use the Project for any use or purpose in violation of the laws of the United States or the State of Minnesota, or of any local codes or ordinances, and agrees to comply with all applicable orders, rules, regulations and requirements of the political jurisdictions within which the Project is located and all other agencies, commissions, authorities and boards having jurisdiction over the Project. The Borrower shall have the right to contest by appropriate legal proceedings, without cost or expense to the Issuer, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to.

Section 6.2 Ownership, Maintenance and Possession of Project by Borrower. The Borrower agrees that, so long as the Note is outstanding, the Borrower will own the Project and keep the Project or cause the Project to be kept in good repair and good operating condition at its own cost, ordinary depreciation excepted, making such repairs and replacements as are necessary in the judgment of the Borrower so that the Project will continue to comply with all pertinent requirements of the Act and so that the interest on the Note will remain excludible from gross income for purposes of federal income taxation. The Borrower intends for Nexus Family Healing, an affiliate of the Borrower and an organization described in Section 501(c)(3) of the Code to lease the Project from the Borrower, and operate the Mortgaged Property from the date hereof to the expiration or sooner termination of this Loan Agreement, as provided herein. As required by the Act, the Borrower will pay or cause to be paid all expenses arising from the operation and maintenance of the Project. The Borrower covenants that, so long as the Note shall remain outstanding, the Borrower shall continue to own the Project and use the same in furtherance of its lawful purposes and that no part of the Project shall be used in any unrelated trade or business of the Borrower or the Guarantor, within the meaning of Section 513 of the Code, or shall be leased to or used by any person not constituting a unit of state or local government or an organization

described in Section 501(c)(3) of the Code, without furnishing to the Lender an opinion of Bond Counsel concluding that such use shall not adversely affect the exclusion from gross income of interest on the Note.

Section 6.3 Liens. The Borrower will pay or cause to be paid all utility charges and other charges arising from its operations (or the operations of the Guarantor) which, if unpaid, would become a lien on the Project and will not permit any lien or encumbrance to be established or to remain unsatisfied against the Project, except for Permitted Encumbrances (as defined in the Mortgage). The Borrower may in good faith contest any such lien filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Lender shall notify the Borrower that, in the opinion of Independent Counsel, by nonpayment of any such items the Project or any part thereof will be subject to loss or forfeiture, in which event the Borrower shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Section 6.4 Taxes and Other Governmental Charges. As required by the Act, the Borrower will pay, as the same respectively become due and before penalty attaches, any taxes, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the operation of the Project. The Borrower may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges by appropriate proceedings and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if funds sufficient to satisfy the contested amount have been deposited in an escrow account satisfactory to the Lender.

Section 6.5 Reserved.

Section 6.6 Insurance. The Borrower agrees to maintain policies of insurance throughout the term hereof satisfactory to the Lender and in accordance with the terms and provisions of this Loan Agreement, including the following:

(a) Insurance against loss and/or damage to the Mortgaged Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than 90% of the full insurable replacement value of the Mortgaged Property, less an amount equal to the fair market value of the Land, but any such policy may have a deductible amount of not more than \$[150,000]. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise. The term “full insurable replacement value” shall mean the actual replacement cost of the Mortgaged Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment, and may be determined or re-determined on the fifth anniversary hereof and every fifth anniversary thereafter, by an insurance consultant or insurer, selected and paid for by the Borrower. All policies evidencing insurance required by this subparagraph (a) with respect to the Mortgaged Property shall be carried in the names of the Borrower and the Bank as their respective interests may appear and shall contain standard mortgage clauses which provide

for Net Proceeds of insurance resulting from claims per casualty thereunder to the Mortgaged Property to be made payable directly to the Bank. The Net Proceeds of such insurance required by this paragraph (a) with respect to the Mortgaged Property shall be applied as provided in Section 6.7.

(b) Comprehensive general public liability insurance, including personal injury liability, and, if the Borrower owns or leases any automobiles, automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$5,000,000, for public liability not arising from ownership or operation of automobiles (or other motor vehicles), and in the minimum amount of \$1,000,000 for each occurrence and for each year for liability arising out of ownership or operation of automobiles (or other motor vehicles) and shall be endorsed to show the Lender and Issuer as an additional insured.

(c) Such other insurance, including (i) business interruption insurance, (ii) employee theft, and (iii) workers' compensation insurance respecting all employees of the Borrower, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Borrower may be self-insured with respect to all or any part of its liability for workers' compensation.

All insurance required in this Section shall be taken out and maintained in responsible insurance companies selected by the Borrower which are authorized under the laws of Minnesota to assume the risks covered thereby. The Borrower will deposit annually with the Bank a certificate of compliance with the provisions hereof. Each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to the Borrower and the Bank at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Borrower may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. All insurance carried by the Borrower shall name the Lender as a loss payee or additional insured, as applicable.

Section 6.7 Damage or Destruction. In the event of damage to the Mortgaged Property from any cause whatsoever, the Borrower will proceed to reconstruct, replace and repair the damaged portion of the Mortgaged Property so that the revenue-producing capacity thereof will not be diminished and to the extent necessary for the Mortgaged Property to continue to comply with all pertinent requirements of the Act and to maintain the tax-exempt status of interest on the Note. Any such repair, rebuilding or reconstruction shall be without expense to the Issuer or the Lender. In connection with such reconstruction, replacement and repair, any available proceeds of property casualty insurance held by the Bank pursuant to Section 6.6 shall be made available to pay the costs of such reconstruction, replacement and repair; provided, however, that such proceeds shall be disbursed by the Bank only upon such terms and conditions as are reasonably satisfactory to the Bank, including engagement of an acceptable title insurance company to act as disbursing agent and provide appropriate assurances as to title to and the absence of unacceptable liens against the Mortgaged Property, all to assure, in the sole discretion of the Bank, (a) the adequacy of the collateral for the Loan, (b) the adequacy of ongoing progress to completion throughout the construction period, (c) the adequacy of the moneys available therefor to satisfactorily complete such work, and (d) that no mechanics liens are filed against the Mortgaged

Property. Notwithstanding the foregoing, in the event all or a major portion of the Mortgaged Property is damaged or destroyed and the Borrower shall determine that it is not practical or desirable to rebuild, repair or restore the Mortgaged Property, the Borrower shall have no obligation to do so, provided that (i) the Borrower shall promptly have notified the Lender and the Issuer of the damage or destruction and of its determination that it is not practical or desirable to rebuild, repair or restore the Mortgaged Property, (ii) the Borrower shall furnish to the Lender an opinion of Bond Counsel to the effect that the failure to rebuild, repair or restore the Mortgaged Property does not jeopardize the exclusion of interest on the Note from gross income for purposes of federal income taxation under Section 103 and related Sections of the Code, and (iii) the Borrower shall promptly elect to prepay the Note in whole and shall apply the proceeds of any insurance and other available moneys of the Borrower, to the extent necessary, to pay the principal of and interest owing with respect to the outstanding Note on the applicable prepayment date therefor, all in accordance with Section 5.4 hereof. In all other respects, any such prepayment shall also be effected as provided in Section 5.4. In the event that the amount of any such insurance proceeds shall be insufficient to provide for payment in full of the Note when due, the Borrower shall make payment of any such deficiency as a condition to its election to make a prepayment of the Note.

ARTICLE VII

SPECIAL COVENANTS

Section 7.1 No Warranty of Condition or Suitability; Indemnification. The Issuer does not make any warranty, either express or implied, as to the design or capacity of the Project, as to the suitability for operation of the Project or as to the condition of the Project or that the Project will be suitable for the Borrower's purposes or needs. The Borrower releases the Issuer from, agrees that the Issuer shall not be liable for, and agrees to hold the Issuer, its Governing Body, and its respective officers, agents and employees, past, present and future, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof, except such loss, damage or injury as results from the negligent acts or omissions of the Issuer.

The Borrower further agrees to indemnify and hold harmless the Issuer, its Governing Body, its officers, agents and employees, past, present and future, against any and all losses, claims, damages or liability to which the Issuer, its Governing Body, its officers, agents and employees, past, present and future, may become subject under any law in connection with the issuance and sale of the Note and the carrying out of the transactions contemplated by this Loan Agreement and the other Note Documents, including any costs incurred by the Issuer in connection with responding to an audit or inquiry from the Internal Revenue Service and to reimburse the Issuer, its Governing Body, its officers, agents and employees, past, present and future, for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Issuer, its Governing Body, its officers, agents and employees, past, present and future, in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions relating thereto or in responding to any such audit or inquiry. The Issuer agrees, at the request and expense of the Borrower, to cooperate in the making of any investigation in defense of any such claim and promptly to assert any or all of the rights and privileges and defenses

identified in writing by the Borrower which may be available to the Issuer. The Borrower further releases and agrees to hold harmless the Issuer, its Governing Body, and its officers, agents and employees, past, present and future, from any liability arising in connection with the Project, or with this Loan Agreement or any of the Note Documents. The provisions of this Section shall survive the payment and redemption of the Note.

Section 7.2 Borrower to Maintain its Corporate Existence; Permitted Exceptions. The Borrower agrees that during the term of this Loan Agreement the Borrower will maintain its existence as an organization described in section 501(c)(3) of the Code qualified to do business in Minnesota and each other state where the nature of its business so requires; it will not dissolve or otherwise dispose of all or substantially all of its assets; and it will not merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that the Borrower may, upon satisfaction of such conditions as are reasonably acceptable to the Bank, consolidate with or merge into another corporation, or permit one or more other of such corporations to consolidate with or merge into it, or sell or otherwise transfer to another such corporation all or substantially all of its assets as an entirety and thereafter dissolve if (i) such surviving, resulting or transferee corporation is an organization described in section 501(c)(3) of the Code and assumes in writing all of the obligations of the Borrower herein, (ii) such surviving, resulting or transferee corporation has tangible unrestricted net assets at least equal to those of the Borrower at the time of the transaction, (iii) the Borrower shall furnish the Lender with an opinion of Bond Counsel to the effect that the merger or consolidation will not result in the inclusion of interest on the Note in the gross income of the Noteholder for federal income tax purposes, and (iv) immediately after giving effect to such transaction no Event of Default, or an event which after notice or lapse of time, or both, would become an Event of Default, would occur and be continuing.

If consolidation, merger, sale or other transfer is made as provided in this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger, sale, or other transfer shall be made except in compliance with the provisions of this Section.

Section 7.3 Public Reports. The Borrower shall render at its own expense to the Issuer and the State of Minnesota such reports concerning the Note and the Project as may be required by the Act or by any other law, regulation or ordinance.

Section 7.4 Further Assurances, Financing Statements, Maintenance of Lien. At the request of the Issuer or the Lender, the Borrower shall execute any financing statement, amendment or supplement to the Mortgage, or other instrument which is or may be required to carry out the intent of the parties as expressed in this Loan Agreement, the Note Resolution, or the other Note Documents. The Borrower shall, at its sole expense, file or cause to be filed all financing statements under the Uniform Commercial Code or similar instruments deemed necessary by the Lender to perfect and continue the security interest of the Lender in this Loan Agreement and the Loan Repayments of the Borrower payable hereunder (except for the rights of the Issuer under Sections 5.2, 7.1, 7.6, 8.4 and 8.5 thereof relating to expenses and indemnity of the Issuer and the right to enforce said rights), including any financing statements which the Issuer is required to file. The Borrower shall maintain the perfection and priority of the security interest

of the Lender granted under the Assignment and Pledge Agreement by filing continuation statements as required under Article 9 of the Uniform Commercial Code.

Section 7.5 Assignments. The Borrower consents to the pledge and assignment of the Loan Repayments and other interests of the Issuer in this Loan Agreement by the Issuer to the Lender as provided in the Note Resolution and the Assignment. The interests and obligations of the Borrower under this Loan Agreement are non-assignable and shall not be assigned except to a trustee in bankruptcy or similar officer pursuant to the Bankruptcy Code or similar law.

Section 7.6 Observance of Note Resolution Covenants and Terms. The Borrower will not do, in any manner, anything which will cause or permit to occur any violation of any provision of the Note Resolution, but will faithfully observe and perform, and will do all things necessary so that the Issuer may observe and perform, all the conditions, covenants and requirements of the Note Resolution. The Issuer agrees that it will observe and perform all obligations imposed upon it by the Note Documents; provided that the Issuer has no obligation to use its own funds to perform or cause performance of any such obligations, and provided further that no covenant, representation or undertaking shall ever give rise to any liability of the Issuer, its officers, agents or employees or constitute a charge against its credit or taxing powers.

It is understood and agreed by the Borrower and the Lender that no covenant, provision or agreement of the Issuer herein or in the Note, the Note Resolution, the other Note Documents or in any other document executed by the Issuer in connection with the issuance, sale and delivery of the Note, or any obligation herein or therein imposed upon the Issuer or breach thereof, shall give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers or shall obligate the Issuer financially in any way except with respect to the application of revenues received as Loan Repayments and the application of proceeds of the Note, as provided in the Assignment and Pledge Agreement (the "Pledged Revenues"). No failure of the Issuer to comply with any term, condition, covenant or agreement therein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from the Pledged Revenues. No execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or taxing powers of the Issuer. In making the agreements, provisions and covenants set forth herein, the Issuer has not obligated itself except with respect to the Pledged Revenues. The Note constitute special, limited obligations of the Issuer, payable solely from the Pledged Revenues, and does not now and never shall constitute an indebtedness or a loan of the credit of the Issuer, the State of Minnesota or any political subdivision thereof or a charge against the general taxing powers of any of them within the meaning of any constitutional or statutory provision whatsoever. It is further understood and agreed by the Borrower and the Lender that the Issuer shall incur no pecuniary liability hereunder and shall not be liable for any expenses related hereto, all of which the Borrower agrees to pay. If, notwithstanding the provisions of this Section, the Issuer incurs any expense, suffers any losses, claims or damages or incurs any liabilities relating to the Note or the Note Documents, the Borrower will indemnify and hold harmless the Issuer from the same and will reimburse the Issuer for any legal or other expenses incurred by the Issuer in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer shall survive delivery of and payment for the Note.

Section 7.7 Financial Information and Reporting. Except as otherwise stated in this Loan Agreement, all financial information provided to the Lender shall be prepared using generally accepted accounting principles consistently applied.

During the term of this Loan Agreement, and afterward until all amounts due under this Loan Agreement are paid in full, unless the Lender shall otherwise agree in writing, the Borrower agrees to provide the following to the Lender:

(a) Within not more than 150 days after the end of each of the Borrower's Fiscal Years (or by such other deadline as agreed to by the Borrower and the Lender), commencing with the Fiscal Year ended December 31, 2023, audited consolidated financial statements for the Consolidated Entities, including an income statement or equivalent report, a balance sheet, a statement of changes in unrestricted net assets, and a statement of cash flows, audited by an independent certified public account of recognized standing. The statements shall be accompanied by an unqualified auditor's opinion;

(b) Within not more than 60 days after the end of each of the Borrower's Fiscal Years (or by such other deadline as agreed to by the Borrower and the Lender), commencing with the Fiscal Year ended December 31, 2023, unaudited internally prepared financial statements for the Consolidated Entities, accompanied by a certificate of an Authorized Borrower Representative (i) demonstrating compliance with Sections 7.8, 7.9 and 7.10 hereof, and (ii) stating (1) whether the Borrower is in compliance with Sections 7.8, 7.9 and 7.10 hereof, and (2) whether any Event of Default has occurred under this Loan Agreement or whether any event has occurred which would, after lapse of time or the giving of notice, or both, constitute an Event of Default under this Loan Agreement, and specifying the nature and duration of the default, if any;

(c) Within not more than 45 days after the end of each of the Borrower's fiscal quarters (or by such other deadline as agreed to by the Borrower and the Lender), unaudited internally prepared monthly financial statements for the Consolidated Entities; and

(d) such other information as the Lender may reasonably request.

Section 7.8 Days Cash on Hand. As of the final day of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2023, and continuing throughout the term hereof, the Borrower shall cause the Consolidated Entities to maintain not less than 125 Days Cash on Hand. In the Certificate of the Authorized Borrower Representative required under Section 7.7(b), the Borrower shall set forth the Consolidated Entities' Days Cash on Hand as of the final day of the Fiscal Year then ended and the calculations thereof.

Section 7.9 Debt Service Coverage Ratio. As of the final day of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2023, and continuing throughout the term hereof, the Borrower shall cause the Consolidated Entities to conduct their overall operations in such a manner as to provide (A) Income Available for Debt Service at least equal to 110% of Total Principal and Interest Requirements in each Fiscal Year of the Consolidated Entities, and (B) gross revenues which will be sufficient to pay promptly all expenses of operation, maintenance and repair of the Borrower and to provide all other payments required to be made by the Borrower

under this Loan Agreement, including payment of all principal of, premium, if any, and interest on the Note. To the extent permitted by law, the Borrower further agrees to revise its rates, fees and charges as may be necessary or proper to comply with the provisions of this Section. Notwithstanding the foregoing, in any case where additional Long-Term Indebtedness is incurred by the Borrower in the future to acquire, renovate, or construct capital improvements, principal and interest with respect to such additional indebtedness shall not be included in the Consolidated Entities' Total Principal and Interest Requirements until the first full Fiscal Year in which any cash to pay debt service, funded by such Indebtedness, is no longer available to the Consolidated Entities. In the Certificate of the Authorized Borrower Representative required under Section 7.7(b), the Borrower shall set forth the Consolidated Entities' Debt Service Coverage Ratio as of the final day of the Fiscal Year then ended and the calculations thereof. Notwithstanding anything in this Section to the contrary, for purposes of the covenants provided in this Section, Consolidated Entities shall not include Nexus-Woodbourne Family Healing, Inc.

Section 7.10 Minimum Net Assets of the Consolidated Entities. As of the final day of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2023, and continuing throughout the term hereof, the Borrower shall cause the Consolidated Entities to maintain a Tangible Net Worth of not less than \$40,000,000. In the Certificate of the Authorized Borrower Representative required under Section 7.7(b), the Borrower shall set forth the Net Assets of the Consolidated Entities as of the final day of the Fiscal Year then ended and the calculations thereof. Notwithstanding anything in this Section to the contrary, for purposes of the covenants provided in this Section, Consolidated Entities shall not include Nexus-Woodbourne Family Healing, Inc.

Section 7.11 Additional Parity Indebtedness. Additional Indebtedness secured by the Mortgage and the Mortgaged Property on a parity with the Note (herein referred to as "Additional Parity Debt") may be incurred by the Borrower after the date hereof upon the following terms and conditions:

- (a) The Lender must consent to the incurrence of the Additional Parity Debt.
- (b) The Additional Parity Debt must be incurred for the purpose of funding capital improvements or additions to the Mortgaged Property.
- (c) The Borrower must provide the Lender with:
 - (i) an appraisal, at the expense of the Borrower, satisfactory in form and content to the Lender, by an appraiser acceptable to the Lender, to the effect that the Additional Parity Debt will not cause the amount of the Borrower's total Long-Term Indebtedness (including the outstanding Note and any Additional Parity Debt) to exceed an amount equal to 80% of such appraised value of the Mortgaged Property, as the same are to be improved with the proceeds of any Additional Parity Debt; and
 - (ii) evidence that the annual debt service on the Additional Parity Debt, when added to the Borrower's existing annual debt service requirements, including the principal and interest payments owing on the Note, will not cause the ratio of the Consolidated Entities' Income Available for Debt Service to Additional Parity

Debt to fall below [125]% for the three consecutive following Fiscal Years, based on an examined financial forecast of or certification by an Independent certified public accountant that includes in the Borrower's forecasted Income Available for Debt Service for such following three years any capitalized interest funded by such Additional Parity Debt, together with the projected net revenues from the proposed capital improvements or additions, once they have been placed in service (and which otherwise may rely on audited financial information from the Borrower's audited financial statements for the two most recently ended Fiscal Years).

Section 7.12 Due Upon Sale. Upon any sale of the Project by the Borrower, the then outstanding principal amount of the Note, together with all accrued interest then due thereon, and together with any amounts payable hereunder by the Borrower to the Lender, shall immediately become due and payable in full.

Section 7.13 Maintenance of Depository Relationship with the Lender. The Borrower shall, to the extent legally permissible, maintain a depository relationship with the Lender and maintain depository and treasury management accounts with the Lender for the term of this Loan Agreement. Such relationship shall commence by the later of the Closing Date or the date on which the Lender has completed the steps necessary to accept the Borrower's deposits and treasury management accounts.

Section 7.14 Nondiscrimination. The Borrower covenants and agrees that, in respect to renting all units in the Mortgaged Property, it shall not discriminate against any person on the basis of sex, race, color, creed, national origin or religious belief.

Section 7.15 Hazardous Materials. The Borrower covenants, warrants and represents to the Issuer, the Lender, their successors and assigns, that, other than in the ordinary course of the Borrower's business, (i) to the best of the Borrower's knowledge, no dangerous, toxic or hazardous pollutants, chemical wastes or substances as defined in the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), or the Federal Resource Conservation and Recovery Act of 1976 ("RCRA"), or any other federal, state or local environmental laws, statutes, regulations, requirements and ordinances ("Hazardous Substance") are present on the Mortgaged Property; (ii) to the best of the Borrower's knowledge, no part of the Mortgaged Property is listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or in any list of hazardous waste priorities in the State of Minnesota; (iii) the Borrower shall not store, locate, generate, treat or discharge any Hazardous Substance in, on or from the Mortgaged Property, except in compliance with CERCLA, RCRA, and other applicable federal, state or local environmental laws, statutes, regulations, requirements and ordinances (collectively, "Environmental Regulations"); and (iv) the Borrower shall cause all Hazardous Substances found on or in the Mortgaged Property (including Hazardous Substances on the Secured Property on the date of the issuance and delivery of the Note or necessary in the ordinary course of the Borrower's business for which they have the proper permits) to be properly removed therefrom and properly disposed of to the extent required by and in accordance with all applicable Environmental Regulations and shall comply with all applicable Environmental Regulations with respect to the Mortgaged Property. The Borrower agrees to indemnify and reimburse the Issuer and the Lender, their successors and assigns, and any successor owner of the Mortgaged Property acquiring title upon foreclosure of the Mortgage or deed in lieu of foreclosure,

for any breach of these representations and warranties and from any loss, damage, expense or cost arising out of or incurred by them or any of them which is a result of a breach, misstatement of or misrepresentation of the above covenants, representations and warranties, together with all attorneys' fees incurred in connection with the defense of any action against the Issuer or the Lender arising out of the above unless caused by the Lender, as mortgagee. Promptly after receipt by a person or party indemnified hereunder of notice of commencement of any action in respect of which indemnity may be sought against the Borrower under this Section, such person or party will notify the Borrower in writing of the commencement thereof and, subject to the provisions hereinafter stated, the Borrower shall assume the defense of such action (including the employment of counsel, who shall be counsel satisfactory to the Borrower and the indemnified person or party) insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Borrower. The indemnified person or party shall have the right to employ separate counsel in any such action, and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Borrower. The Borrower shall not be liable to indemnify any person or party for any settlement of any such action effected without its prior written consent. These covenants, representations and warranties are for the benefit of the Issuer or the Lender, their successors and assigns, and any successor owner of the Mortgaged Property acquiring title upon foreclosure of the Mortgage or deed in lieu of foreclosure, and shall be deemed to survive the payment of the Note and the foreclosure, reconveyance, termination, or satisfaction of the Mortgage.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default. The following shall be "Events of Default" under this Loan Agreement and the term "Event of Default" shall mean, whenever used in this Loan Agreement, any one or more of the following events:

- (a) If the Borrower fails to pay the amount of any Loan Repayment required to be paid under Section 5.1 hereof when due (whether by acceleration, call for redemption of the Note or otherwise), or within five days thereof.
- (b) If the Borrower shall default in the due and punctual performance of any of its covenants set forth in Sections 7.2, 7.8, 7.9, 7.10 or 7.11 hereof.
- (c) If there shall occur any Material Adverse Change.
- (d) If the Borrower shall default in the due and punctual performance of any of the other covenants, conditions, agreements and provisions contained in this Loan Agreement or in any instrument supplemental hereto, on the part of the Borrower to be performed, and such default shall continue for 30 days after written notice thereof from the Issuer or the Lender; notwithstanding the foregoing, however, a failure to provide adequate insurance coverage for the Project or a lapse of such insurance both as required pursuant to Section 6.6 hereof, shall constitute an immediate event of default with no provision for cure or written notice thereof.

(e) If an Event of Default shall occur under any of the other Note Documents.

(f) If the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator for it or for any of its property, (ii) admit in writing its inability to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under such law; or

(g) If an order, judgment or decree shall be entered against the Borrower by any court of competent jurisdiction, approving a petition seeking reorganization of the Borrower or appointing a receiver, trustee or liquidator of the Borrower or of all or a substantial part of the assets thereof.

The provisions of paragraph (d) of this Section are subject to the following limitations: If by reason of force majeure the Borrower is unable in whole or in part to carry out its agreements on its part contained herein (other than the payment of money), the Borrower shall not be deemed in default during the continuance of such disability. The term "force majeure" as used herein includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes, storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably, within the control of the Borrower. The provisions of paragraph (b) of this Section are subject to the further limitation that if the Default can be remedied but not within a period of thirty days after notice and if the Borrower has taken all action reasonably possible to remedy such Default within such thirty day period, the Default shall not become an Event of Default for so long as the Borrower shall diligently proceed to remedy such Default and in accordance with any directions or limitations of time made by the Lender. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Borrower from carrying out its agreements.

Section 8.2 Remedies on Default. Whenever any Event of Default shall have happened and be subsisting, any one or more of the following steps may be taken:

(a) The Lender may declare the unpaid principal of and interest on the Note, and all or any amounts of Loan Repayments thereafter to become due and payable under Section 5.1 hereof for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable, together with any additional payments due under Sections 5.2, 5.6, 8.4, 8.5 or otherwise under this Loan Agreement.

(b) The Lender may proceed to foreclose the Mortgage or take whatever action at law or in equity that appears necessary or desirable to enforce this Loan Agreement or the other Note Documents in accordance with the provisions hereof or thereof.

(c) Without regard to the remedies available to the Lender in (a) or (b) above, the Lender may proceed against the Guarantor to seek enforcement of the Guaranty.

Any amounts collected by the Lender or any other Holder pursuant to action taken under the foregoing paragraphs shall be applied first to advances and expenses of the Lender or other Holder, then to payment of the Note (interest first, and then principal), and any excess to the Borrower.

Whenever any Default shall occur, the Lender or any other Holder (or the Issuer with respect to its reserved rights under Sections 5.2, 7.1 or 8.4 hereof) may take whatever action at law or in equity which may appear necessary or desirable to collect any other payments then due and thereafter to become due hereunder or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement.

Section 8.3 Remedies Cumulative, Delay Not to Constitute Waiver. No remedy conferred upon or reserved to the Issuer, the Lender, any other Holder or a receiver by this Loan Agreement or by the other Note Documents is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or the other Note Documents or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power, and any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Lender, any other Holder or a receiver to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any agreement contained in this Loan Agreement or the other Note Documents should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to a particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Loan Agreement and the Issuer or the Lender should employ attorneys or incur other expenses for the collection of payments due or to become due hereunder or the enforcement of performance or observance or any obligation or agreement on the part of the Borrower contained in this Loan Agreement, the Borrower agrees that it will on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred. The Borrower also agrees to pay all costs of the Lender to appear in and defend any action or proceeding purporting to affect the security provided under any of the Note Documents or the rights or powers of the Lender under this Loan Agreement or the other Note Documents, including the cost of reasonable attorney's fees.

Section 8.5 Advances. In the event the Borrower shall fail to pay any Loan Repayments under Section 5.1 hereof, or to do any other thing or make any other payment required to be done or made by any other provision of this Loan Agreement or the other Note Documents, the Issuer or the Lender, in its own discretion, may do or cause to be done any such thing or make or cause

to be made any such payment at the expense or as an advance for the account of the Borrower, and the Borrower shall pay to the Issuer or the Lender, as the case may be, upon demand, all necessary costs and expenses so incurred and advances so made, with interest at the lesser of (i) 8.00% per annum or (ii) the maximum rate permitted by law. Any such advance shall be entitled to priority of payment from any funds thereafter received by the Lender or such Holder from the Borrower.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices. All notices, certificates, requests or other communications hereunder shall be sent by first class mail or certified mail, addressed, if to any party hereto, at its address set forth on the execution page hereof. The Borrower, the Issuer and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 9.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitation that any obligation of the Issuer created by or arising out of this Loan Agreement shall not be a general debt of the Issuer but shall be payable solely out of the proceeds derived from this Loan Agreement or the other Note Documents as provided in the Assignment and Pledge Agreement and Section 7.7 hereof.

Section 9.3 Counterparts. This Loan Agreement may be signed in any number of counterparts. Complete sets of counterparts shall be lodged with the Issuer, the Borrower and the Lender.

Section 9.4 Benefit of Holder. Except as otherwise provided herein, all covenants and agreements on the part of the Borrower and the Issuer herein are hereby declared to be for the benefit of the Lender or any Noteholder. Persons other than the parties hereto and such other Holders are not intended to be beneficiaries of any of the covenants and agreements set forth in this Loan Agreement.

Section 9.5 Due Dates. Should any payment on the Note become due and payable upon a day not a Business Day, such payment shall be made on the next succeeding Business Day.

Section 9.6 Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Loan Agreement.

Section 9.7 Term of Agreement. Except as otherwise provided herein, the provisions of this Loan Agreement shall remain in full force and effect from the date of execution hereof until such time as the Note is not outstanding.

Section 9.8 Severability. Any provision of this Loan Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such

prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.9 Amendments, Consents, Changes and Modifications. This Loan Agreement may be amended, changed, modified, altered or terminated only by the written agreement of all the parties hereto; provided, however, that the consent of the Issuer to any amendments of Sections 7.7, 7.8, 7.9, 7.10, 7.11, 7.12 or 7.13 shall not be unreasonably withheld. Notwithstanding the foregoing, the Lender may agree to a temporary waiver (not exceeding two years) of the provisions of Sections 7.7, 7.8, 7.9, 7.10, 7.11, 7.12 or 7.13 and events of default relating thereto without the consent of the Issuer.

Section 9.10 Electronic Signatures. Each party agrees that this Loan Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Mortgage or such other documents have the same legal validity and enforceability as manually executed signatures, to the fullest extent permitted by applicable law.

IN WITNESS WHEREOF, the undersigned have caused this Loan Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

CITY OF EAST BETHEL, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

Address: 2241 221st Avenue NE
East Bethel, Minnesota 55011
Attention: City Administrator

[Signature Page to Loan Agreement, between the City of East Bethel, Minnesota, Nexus Diversified Community Services and Bremer Bank, National Association]

NEXUS DIVERSIFIED COMMUNITY SERVICES

By _____
Its [Chief Executive Officer]

Address: Nexus Diversified Community Services
505 Highway 169 North, Suite 500
Plymouth, MN 55441
Attention: [Administrator]

[Signature Page to Loan Agreement, between the City of East Bethel, Minnesota, Nexus Diversified Community Services and Bremer Bank, National Association]

BREMER BANK, NATIONAL ASSOCIATION

By _____
Its Senior Vice President

Address: Bremer Bank, National
Association
372 St. Peter Street
St. Paul, Minnesota 55102

Attention: Senior Vice President

[Signature Page to Loan Agreement, between the City of East Bethel, Minnesota, Nexus
Diversified Community Services and Bremer Bank, National Association]

EXHIBIT A

(Form of Note)

UNITED STATES OF AMERICA
STATE OF MINNESOTA

CITY OF EAST BETHEL, MINNESOTA

Revenue Note
(Nexus Diversified Community Services Project)
Series 2023

Dated August [1], 2023

No. R-1

PRINCIPAL AMOUNT: \$10,000,000

MATURITY DATE: August [1], 2050

The CITY OF EAST BETHEL, MINNESOTA, a Minnesota municipal corporation (the “Issuer”), for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to BREMER BANK, NATIONAL ASSOCIATION (the “Lender” or the “Registered Owner”), or registered assigns, the principal sum of \$10,000,000, upon the presentation and surrender hereof, and to make prepayment of said principal sum in installments as hereinafter provided, and to pay the Registered Owner hereof interest on the outstanding and unpaid balance of such principal sum from the date hereof to and until August [1], 2030 (the “First Reset Date”), at the rate of [_____] % per annum. On the First Reset Date and on August [1], 2033, 2040 and 2043, respectively (individually or together with the First Reset Date, a “Reset Date” or the “Reset Dates”), the interest rate hereon shall be adjusted, effective from and after such Reset Date to and until the next succeeding Reset Date or the stated maturity hereof, whichever shall come first, to a rate equal to the 7-Year Reset Rate or the 3-Year Reset Rate (each as defined herein) then in effect on the respective Reset Date, as applicable. At all times during the term hereof the rate of interest hereon shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

“7-Year Reset Rate” means the business day rate on the U.S. Treasury securities adjusted to a constant maturity of seven years as published in the Federal Reserve Statistical Release and Historical Data (the “Index”).

“3-Year Reset Rate” means the business day rate on the U.S. Treasury securities adjusted to a constant maturity of three years as published in the Federal Reserve Statistical Release and Historical Data (the “Index”).

The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of the Note, Lender may designate a substitute Index after

notifying Borrower. Lender shall notify the Borrower of the current Index rate upon request of the Borrower.

Commencing [_____, 2023], to and including [_____, 2025], monthly installments of interest only shall be payable in arrears on the first day of each month, or the next business day thereafter. The amount of such monthly interest only installment payments shall be equal to \$[_____]. The outstanding principal balance hereof shall be payable in monthly installments of principal and interest, payable in arrears, beginning [August 1, 2025], and thereafter on the first day of each month, or the next business day thereafter, each such installment payment to be applied first to accrued interest and then to principal. The amount of such monthly principal and interest installment payments shall initially be equal to \$[_____]. On each Reset Date the amount of such monthly payments shall be adjusted so as to fully amortize the entire outstanding principal balance hereof from such Reset Date at the adjusted rate of interest hereon over the remaining term hereof. Notwithstanding anything else to the contrary set forth herein, on August [1], 2050, the Note shall mature and all unpaid principal and interest shall be due and payable in full. Except during the interest only period, each installment payment shall be applied first to accrued interest and then to principal. Principal and interest shall be paid to the Registered Owner hereof in lawful money of the United States as provided in the Loan Agreement mentioned below, at its registered address.

If any payment required to be made on this Note is not made within 10 days after the due date thereof, the Borrower shall pay to the Lender a late charge equal to 2% of the amount of such installment.

This Note is issued pursuant to a resolution of the City Council of the Issuer adopted on June 12, 2023 (the "Note Resolution"), a Loan Agreement, dated as of August 1, 2023 (herein called the "Loan Agreement"), among the Issuer, the Borrower (as defined herein) and the Lender, and Minnesota Statutes, Sections 469.152 to 469.165, as amended (collectively, the "Act"), and in conformity with the provisions, restrictions and limitations thereof. This Note shall never constitute an indebtedness of the Issuer, within the meaning of any state constitutional provision or statutory limitation, and shall not constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers and does not grant to the owner of this Note any right to have the Issuer levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon, nor is this Note a general obligation of the Issuer or the individual officers or agents thereof. This Note and interest hereon are payable solely from the moneys received pursuant to the Loan Agreement, including loan repayments to be made by Nexus Diversified Community Services, a Minnesota nonprofit corporation (the "Borrower"), and the security provided therefor, all as hereinafter referred to.

This Note is issued in the authorized principal amount of \$10,000,000, and has been authorized by law to be issued and has been issued for the purpose of funding a loan from the Issuer to the Borrower in order to finance costs incurred with respect to the Project described in the Loan Agreement. Pursuant to an Assignment and Pledge Agreement (the "Assignment"), the Issuer has assigned its interest in the Loan Agreement (except for its rights to indemnity and payment of fees, expenses and advances) to the Lender. This Note is secured by the Loan Agreement, the Assignment and Pledge Agreement, the Mortgage (as defined in the Loan Agreement), and the Guaranty (as defined in the Loan Agreement). Reference is hereby made to

all such documents and any supplements thereto for a description and limitation of the property, revenues and funds pledged and appropriated to the payment of the Note, the nature and extent of the security thereby created, the rights of the owner of the Note, and the rights, immunities and obligations of the Issuer thereunder. Certified copies of the Note Resolution and executed counterparts of the Loan Agreement and Assignment are on file at the office of the City Administrator.

This Note shall be subject to prior optional prepayment, in whole or part, at any time, at the direction of the Borrower, without prepayment penalty or premium; provided, however, that if, prior to August [1], 2024, the Borrower shall elect to prepay the Note in whole, the Borrower shall pay the Lender a prepayment fee equal to 3% of the outstanding principal amount of the Note to be prepaid; and if, prior to August [1], 2025, the Borrower shall elect to prepay the Note in whole, the Borrower shall pay the Lender a prepayment fee equal to 2% of the outstanding principal of the Note to be prepaid; and if, prior to August [1], 2026, the Borrower shall elect to prepay the Note in whole, the Borrower shall pay the Lender a prepayment fee equal to 1% of the outstanding principal of the Note to be prepaid. On any Reset Date, the prepayment fees described above shall reset, such that the Borrower shall pay the Lender a prepayment fee equal to 3%, 2% or 1%, respectively, of the outstanding principal amount of the Note to be prepaid upon any prepayment in whole in the first year, second year or third year, respectively, after a Reset Date.

In the event the Borrower elects to prepay the Loan and this Note, the Borrower shall cause to be given advance written notice of such prepayment less than 30 days prior to the date of prepayment to the Lender. Any partial prepayment shall be applied, as directed by the Borrower, either to a reduction of the last installments due and owing on the Note, in inverse order, or to a pro rata reduction in the monthly installment payments owing thereunder.

On August [1], 2033, and August [1], 2043 (each a “Purchase Date”), the Lender shall have the option to require the Borrower to purchase this Note (in whole but not in part), at a purchase price equal to the Principal Balance hereof plus accrued interest thereon, without premium (the “Purchase Price”), upon:

- (i) giving the Borrower notice at least one hundred eighty (180) days prior to the Purchase Date by written, printed or other means of written or printed instantaneous (an “Optional Call Notice”) communication delivered to the Borrower at the address provided in the Loan Agreement stating (a) the Lender’s intent to tender this Note on the Purchase Date, and (b) the Principal Balance of this Note; and
- (ii) delivering this Note to the Borrower by Noon, local time, on the Purchase Date in exchange for the Purchase Price (with an appropriate instrument of transfer of the Note executed in blank) together with assignments of the Mortgage, the Guaranty, and other documents securing the Note and the Loan Agreement.

On the Purchase Date, the Borrower shall have the option to require the Lender to sell and transfer the Note (in whole but not in part) to the Borrower or any other person as requested by the Borrower (the “Note Purchaser”), at the Purchase Price, by giving to the Lender at the address provided in the Loan Agreement an optional call notice not less than thirty (30) days prior to the Purchase Date stating the Borrower’s intent to require the Lender to sell and transfer this Note on

the Purchase Date. Upon payment to the Lender of the Purchase Price by Noon, local time on the Purchase Date, the Lender shall provide an appropriate instrument of transfer of the Note, together with appropriate assignments of the Mortgage, the Guaranty and other documents securing the Note and the Loan Agreement to the Note Purchaser, which instruments of transfer and assignment will be without recourse to the Lender and, except for the Lender's representations as to authority to so assign and its unencumbered title to the documents assigned, without representation or warranty of kind by the Lender, including, without limitation, any representation or warranty as to the collectability or enforceability of any of the Borrower's obligations or the value, priority or perfection of any collateral security for the Borrower's obligations.

If there shall occur a Determination of Taxability, this Note shall be subject to mandatory prepayment and redemption, in whole, on the 60th calendar day following notice to the Borrower of the Determination of Taxability, at a prepayment price equal to the then outstanding principal amount of this Note, plus accrued interest through the date of prepayment, together with amounts sufficient to reimburse the Lender for any taxes owing as a result of the Determination of Taxability, including penalties and interest, and together with such additional amounts as may be necessary to provide to the Lender a taxable equivalent rate of interest on the Note (calculated at an interest rate equal to the tax-exempt interest rate currently then in effect divided by 75%), payable from the Date of Taxability to the date of prepayment, all as further provided in the Loan Agreement.

This Note is transferable only upon the registration records of the Issuer by the registered owner hereof in person or by his duly authorized attorney, as provided in the Loan Agreement.

In case an Event of Default as defined in the Loan Agreement occurs, the principal of this Note outstanding may be declared or may become due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Loan Agreement.

The terms and provisions of the Note Resolution, the Loan Agreement, and the Assignment and Pledge Agreement or of any instrument supplemental thereto, may be modified or altered only pursuant to Section 9.9 of the Loan Agreement, and the Note Resolution.

It is hereby certified and recited: that all acts, conditions and things required to be done precedent to and in the issuance of this Note have been properly done, have happened and have been performed in regular and due time, form and manner as required by law.

THIS NOTE, INCLUDING INTEREST THEREON, IS PAYABLE SOLELY FROM THE REVENUE PLEDGED TO THE PAYMENT THEREOF AND SHALL NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the City of East Bethel, Minnesota, by authority of its Governing Body, has caused this Note to be executed in its name by the manual or facsimile signatures of its duly authorized officer, all as of August [1], 2023.

CITY OF EAST BETHEL, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ (please print or type name and address of transferee) the within Note and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signed: _____

In the presence of: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his authority to act must accompany the Note.

Signature _____ Guaranteed: _____

PROVISIONS AS TO REGISTRATION

The ownership of the unpaid principal balance of this Note and the interest accruing thereon is registered on the books of the City of East Bethel, Minnesota, in the name of the holder last noted below.

<u>DATE OF REGISTRATION</u>	<u>REGISTERED OWNER</u>	<u>SIGNATURE OF NOTE REGISTRAR</u>
August [1], 2023	Bremer Bank, National Association	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

DW Draft 6/5/2023

\$10,000,000
City of East Bethel, Minnesota
Revenue Note
(Nexus Diversified Community Services Project)
Series 2023

ASSIGNMENT AND PLEDGE AGREEMENT

between

CITY OF EAST BETHEL, MINNESOTA

and

BREMER BANK, NATIONAL ASSOCIATION

Dated as of August 1, 2023

ASSIGNMENT AND PLEDGE AGREEMENT

This ASSIGNMENT AND PLEDGE AGREEMENT (this “Assignment”) is dated as of August 1, 2023, and is entered into by the CITY OF EAST BETHEL, MINNESOTA, a Minnesota municipal corporation (the “Issuer”), in favor of BREMER BANK, NATIONAL ASSOCIATION, Minneapolis, Minnesota (the “Lender”).

RECITALS

WHEREAS, the Issuer has executed and delivered to the Lender its \$10,000,000 Revenue Note (Nexus Diversified Community Services Project), Series 2023 (the “Note”), dated the date of delivery thereof. The Note was issued pursuant to a resolution duly adopted by the Governing Body of the Issuer on June 12, 2023 (the “Note Resolution”) and the Loan Agreement (as defined herein).

The proceeds of the Note are being loaned by the Issuer to Nexus Diversified Community Services, a Minnesota nonprofit corporation (the “Borrower”), pursuant to a Loan Agreement of even date herewith (the “Loan Agreement”), among the Issuer, the Lender and the Borrower.

The Note is payable from and secured by the Loan Repayments (as defined in the Loan Agreement) to be made by the Borrower under the Loan Agreement, and the Lender, as a condition to the purchase of the Note in the Note Purchase Agreement dated as of June [___], 2023, among the Issuer, the Lender and the Borrower, has required the execution of this Assignment.

ACCORDINGLY, as authorized by the Note Resolution and in consideration of the promises and other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer does hereby grant, transfer and assign to the Lender and its successors or assigns, as security for the payment of the Note, a security interest in all of the right, title and interest of the Issuer in the Loan Agreement, and the Loan Repayments of the Borrower payable thereunder (except for the rights of the Issuer under Sections 5.2, 7.1, 7.6, 8.4 and 8.5 thereof relating to expenses and indemnity of the Issuer and the right to enforce said rights).

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, duly authorized officers of the Issuer have executed this Assignment and Pledge Agreement as of August 1, 2023.

CITY OF EAST BETHEL, MINNESOTA

By: _____
Its Mayor

By: _____
Its City Administrator

[Signature page to Assignment and Pledge Agreement, from
the City of East Bethel, Minnesota, to Bremer Bank, National Association]



Application for Approval of Local Bond Financing - Pursuant to Minn. Stat. 469.152 – 469.1655

Please submit two copies of this form but only one copy of supporting documents requested on page 2.

Name of Issuer (Municipality or Redevelopment agency): City of East Bethel, Minnesota

Contracting Party (Non-Profit or Business Name): Nexus Diversified Community Services

Industry and Service/Product: Health Care Services

Project Location (street address, city/township, county – if outside city/township): 900 189th Avenue NE, East Bethel, Minnesota

Current Full-time and Part-time Jobs at Location: 0 FT Jobs 0 PT Jobs

New (not currently in Minnesota) Permanent Jobs Created by Project: 90 FT Jobs 4 PT Jobs

Expected Annual Wages of New Full-Time Jobs: \$5,260,299 Total; \$58,448 per new Full-Time FTE

Project Type (check one): Education Health Care Waste/Green
 Other (please describe) _____

Description of Project Financed by Bond Proceeds: Financing a portion of the costs of acquiring real estate and certain personal property located at 900 189th Avenue NE, East Bethel, Minnesota, for use as a residential psychiatric treatment facility.

Dates of Construction (if applicable): N/A

Date Project Expected to be Operational: At closing.

Dollar Amount of Bonds Expected to be Issued: Up to \$10,000,000

Expected Term: 27 years Expected Interest Rate: Estimated maximum 5.10%

Bond Counsel: Nathan Canova, Dorsey & Whitney LLP Phone: (612) 492-6916

E-mail: canova.nathan@dorsey.com



**Application for Approval of Local Bond Financing
Pursuant to Minn. Stat. 469.152 – 469.1655**

The following exhibits must be furnished with this application:

- A) An opinion of bond counsel that the proposal constitutes a project under Minn. Stat. 469.153, Subd. 2.
- B) A copy of the resolution by the governing body of the Issuer giving preliminary or final approval for the issuance of its revenue bonds and stating that the project, except for a project under Minn. Stat. 469.153, Subd. 2(g) or (j), furthers the purposes of Minn. Stat. 469.152 – 469.165.
- C) A letter of intent to purchase the bond issue or a letter confirming the feasibility of the project from a financial standpoint.
- D) The following exhibits are provided in a single Issuer certificate:

A comprehensive statement by the municipality indicating how the project satisfies the purposes of Minn. Stat. 469.152 - 469.165.

A statement signed by a representative of the Issuer that the project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

A statement signed by a representative of the Issuer that a public hearing was conducted pursuant to Minn. Stat. 469.154, Subd. 4. The statement shall include the date, time and place of the meeting and certify that a draft copy of this application with all attachments was available for public inspection and that all interested parties were afforded an opportunity to express their views.

A statement signed by the principal representative of the issuing authority to the effect that upon entering into the revenue agreement, the information required by Minn. Stat. 469.154, Subd. 5 will be submitted to the Department (not applicable to projects under Minn. Stat. 469.153, Subd. 2(g) or (j)).

- E) A plan for encouraging the targeting of employment opportunities to economically disadvantaged or unemployed individuals. (See Minn. Stat. 469.154, Subd. 7.) **The plan must indicate one or more specific steps that may include using employment offices (e.g., Minnesota Workforce Centers) for recruitment and placement, among other actions.**
- F) Affidavit(s) of publication or copies of notice(s) as published which indicate the date(s) of publication and the newspaper(s) in which the notice(s) were published.



**Application for Approval of Local Bond Financing
Pursuant to Minn. Stat. 469.152 – 469.1655**

We, the undersigned, are principal officer(s) or representative(s) of the Issuer and solicit DEED’s approval of this project.

Signature	, Mayor
2241 221st Ave. NE	East Bethel, MN 55011
Street Address	City, State and Zip
@ci.east-bethel.mn.us	_____, 2023
E-Mail	Date
Signature	Jack Davis, City Administrator
2241 221st Ave. NE	East Bethel, MN 55011
Street Address	City, State and Zip
jack.davis@ci.east-bethel.mn.us	_____, 2023
E-Mail	Date

E-mail for the chief administrator or operating office of the issuer (municipality or redevelopment agency):
Listed above

DEED Approval

Authorized Signature	Approval Date
<i>(Approval shall not be deemed to be an approval on the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued thereof.)</i>	

Send two copies of form and one copy of supporting documents noted on page 2 to:
Minnesota Department of Employment and Economic Development
Kevin McKinnon, Deputy Commissioner
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, Minnesota 55101
E-mail: Kevin.McKinnon@state.mn.us

**City of East Bethel
City Council Regular Meeting
Agenda Item Information**



Date: June 12, 2023

Agenda Item Number: Item 4.0 C

Agenda Item: Public Hearing for Off-Sale Liquor License for Bethel Liquor LLC

Background Information:

Staff is recommending that Council conduct a public hearing regarding an Off-Sale Liquor License for Bethel Liquor, LLC as required by East Bethel City Code, Article III, Intoxicating Liquors, Section 6-55. Per notification requirements, the public hearing for this date was published in the Anoka County Union.

At the conclusion and close of the public hearing, Council will be requested to consider the approval of an Off-Sale Liquor License for Bethel Liquor LLC, dba: Snak Atak #4 located at 23733 Highway 65 NE.

The applicant is the new owner of the property, which previously held an identical license. All application materials, completed background checks, and fees have been submitted for the Off-Sale Liquor License.

Final approval of the license would be contingent on approval of State Commissioner of Public Safety. Approval of Council is required prior to action by the State.

Attachment(s):

1. Off-Sale Liquor License Application

Fiscal Impact:

Recommendation(s): Staff recommends conducting the public hearing to receive comments on the Off-Sale Liquor License for Bethel Liquor LLC, dba: Snak Atak #4. Once the public hearing is closed, and if there are no reasons to deny the license, staff recommends Council consider approval of an Off-Sale Liquor license for Bethel Liquor LLC, dba: Snak Atak #4 located at 23733 Highway 65 NE, East Bethel, MN 55011.

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

6. If applicant is a corporation, answer the following:

- a) State in which incorporated: Minnesota. If incorporated under the laws of a state other than Minnesota, is corporation authorized to do business in Minnesota? Yes Number of certificate of authority: 1388120700027
- b) Is this corporation a subsidiary of any other corporation? No. If YES, state the name and address of parent corporation:

8. If applicant is another organization, answer the following: The organization is a bona fide club, where the serving of 3.2 malt beverage is incidental and not the major purpose of the club, and is an organization for (check one):

- Social/Business
- Promotion of Sports
- Intellectual Improvement
- Other - explain

9. The person executing this application (and all individuals in a partnership) answer the following (attach additional sheets if necessary):

- a) True Name (first-middle-last): Parveen Singh
- b) Residence Address: [REDACTED]
- c) Phone No. [REDACTED] d) Social Security No. [REDACTED]
- e) Date of Birth: [REDACTED] f) Place of Birth (city-state): _____
- g) Are you a citizen of the United States? [REDACTED]. If naturalized, state date and place of naturalization: _____
- h) Have you ever been convicted of any crime other than a traffic offense?
 Yes No If yes, explain _____

10. Attach a copy of a certificate showing you have minimum insurance coverage as required by East Bethel City Code and the State of Minnesota.

11. Provide the following related to workers' compensation insurance, or certify the precise reason your business is excluded from compliance with the insurance coverage requirement for workers' compensation.

Insurance Company Name (Not the agent): Travelers Insurance
 Policy Number or Self-Insurance Permit Number: [REDACTED]
 Dates of Coverage: 6/25/2023 - 6/25/2024

OR

I am not required to have worker's compensation liability coverage because:

- I have no employees covered by the law
- Other (specify)

12. Does any manufacturer or wholesaler of 3.2 malt beverage or other liquor have any ownership, in whole or part, in the business of the applicant? Yes ___ No ___. If YES, explain:

13. Applicant, and his associates in this application will strictly comply with all the laws of the State of Minnesota governing the taxation and the sale of 3.2 Malt Beverage and the East Bethel City Code, and I hereby certify that I have read the foregoing questions and that the answers to said questions are true of my own knowledge.

14. As the person executing this application for this license, I acknowledge that an investigation will be conducted for use in determining my qualifications. I hereby expressly authorize release of any and all information which any organization, company or person may have, including information of a confidential or privileged nature. I hereby release the City and any organization, company or person furnishing information to the City, as expressly authorized above, from any liability for damage that may result from furnishing the information requested.

**The information requested on this form will be used by the City of East Bethel in the issuance of your license. The information that you supply on this form will become public information when received by the City of East Bethel. Under Minnesota law (M.S. §270.72), the City may be required to provide the business tax identification number and social security number of each applicant to the Minnesota Commissioner of Revenue.

Signature:  _____

Printed Name: Parveen Singh _____

Title: Member/Partner _____

Date: 5/17/2023 _____

**City of East Bethel
City Council Meeting
Agenda Item Information**



Date: June 12, 2023

Agenda Item Number: Item 6.0 A - I

Requested Action: Consider approving the Consent Agenda as presented

Background Information:

Item A – Approval of Bills

Item B – Minutes: May 22, 2023 City Council Meeting

Item C – Res. 2023-41, Adopting Juneteenth as City Holiday

A bill to establish Juneteenth as a state-recognized holiday was passed off the Senate floor on Jan. 26 with a vote of 57-8. On Feb. 2, it was passed by the House by a vote of 126-1. The bill was signed into law by Gov. Tim Walz.

The holiday is to recognize the date on which slavery was abolished in the United States. Public business cannot not be conducted on June 19 in observance of the holiday.

The new law was set to go into effect on Aug. 1, 2023, however, a provision contained in HF 1830, the state and local government omnibus bill, changes the effective date to make the new holiday effective before June 19 of this year, requiring that the day be observed.

The HF 1830 conference committee report containing the updated effective date was passed by the House and Senate and will now go to Gov. Tim Walz to be signed. The City will need to update their existing schedules to reflect the June 19 holiday and make any necessary adjustments to meeting dates.

Item D – Animal Humane Society (AHA) Impound/Kenneling Contract

The City approved a one year Impound/Kenneling contract with the Animal Humane Society of Coon Rapids on May 23, 2022. This contract replaced the previous service provided by North Metro Animal Control. The AHS contract is up for renewal and is exhibited in 6.0 D. I in the meeting material packet. The Coon Rapids facility has re-opened and is the most convenient facility for use by our residents.

The location of the Coon Rapids AHS kennel is 1411 Main St, NW; Coon Rapids, MN. The hours of operation at this facility are:

Monday: closed

Tuesday: Noon – 8 PM

Wednesday through Sunday: 8 AM – 4 PM

Telephone: 952-435-7738

Item E – Consider Adoption of Resolution 2023-43 Accepting Bids- 2023 Street Surface Projects

This project includes a bituminous overlay for two separate areas in the City including 7th Street and Washington Street just south of 237th Avenue and 233rd Avenue, Taylor Street, Buchanan Street and 231st Lane just west of Trunk Highway 65. Bids for this project were opened electronically at 10:00 a.m. on May 25, 2023 at the City Hall. A total of 7 bids were received. The bids were as follows:

	<u>Total Bid</u>
T. A. Schifsky & Sons, Inc.	\$323,239.93
Rum River Contracting	\$339,450.26
Knife River Corporation	\$339,547.00
Novco Inc.	\$365,075.00
Asphalt Surface Technologies Corp.	\$373,099.98
Park Construction Company	\$376,587.50
Bituminous Roadways, Inc.	\$383,641.00

The bids are summarized in detail on the attached bid tabulation. T. A. Schifsky & Sons, Inc. was the lowest bidder with a bid of \$323,239.93. The engineer’s estimate for this project was \$340,000. T. A. Schifsky & Sons, Inc. has successfully completed many projects of similar scope and size to this one. Staff recommends approval of Resolution 2023-43 Resolution Accepting Bids for the 2023 Street Surface Improvement Project and award of a contract to T. A. Schifsky & Sons, Inc. in the amount of \$323,239.93.

Item F – 2023-2024 Liquor Licenses

All of the current City liquor license holders have submitted applications for renewal. Because some of the applications were delayed, all background checks have not yet been returned from the Sheriff’s Office. A complete update as to their status will be provided at the City Council meeting. Liquor licenses run for the period July 1 of each year through and including June 30 of the following year. License applications being considered are for the period July 1, 2023 through and including June 30, 2024. All approvals are subject to all fees and forms being received by the City, background checks being completed with the Sheriff’s signature, and approval from the Alcohol and Gambling Enforcement Division at the State of Minnesota.

Item G - Res. 2023-42, Cedar East Bethel Lions Temporary One Day Liquor License

The Cedar East Bethel Lions Club has applied for a 1-Day Temporary On-Sale Liquor Permit to sell beer at the City of East Bethel Booster Day event to be held at Booster Park East located at 22266 Palisade Street NE in East Bethel on July 15, 2023. We have received a completed application and staff is recommending approval.

Item H – Res. 2023-44, Allowing Route 65 Temporary Liquor Sales in a City Park for Booster Days Event

Route 65 Pub & Grub has made a vendor application to sell food and alcohol at the City of East Bethel Booster Day event to be held at Booster Park East located at 22266 Palisade Street NE in East Bethel on July 15, 2023. City ordinance requires Council approval of a resolution to allow the sale of alcohol in a city park. Staff recommends approval of Resolution 2023-44.

Item I – Res. 2023-45, Allowing East Bethel Booster Days Inc to Conduct a Raffle for Booster Days Event

Approval of this resolution and application allows for an exempt permit for East Bethel Booster Days Inc. to hold a raffle on Saturday, July 15, 2023 at the Booster Day event held at Booster Park East, 22266 Palisade Street NE in East Bethel.

Fiscal Impact: All items listed above requiring expenditures have approved 2023 Budget funds to cover the expenses.

Recommendation(s): Staff recommends approval of the Consent Agenda as presented.

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____



City of East Bethel
June 12, 2023
Payment Summary

Payments for Council Approval	
Bills to be approved for payment	\$119,306.81
Electronic Payroll Payments	\$72,384.83
Payroll City Staff - May 25, 2023	\$47,697.41
Payroll City Staff -June 8, 2023	\$48,973.70
Total to be Approved for Payment	\$288,362.75

Dept Descr	Object Descr	Invoice	Check Name	Fund	Dept	Amount
2014A	Fiscal Agent s Fees	94159	Ehlers	311	31100	\$1,775.00
2015A	Fiscal Agent s Fees	94159	Ehlers	310	31000	\$1,775.00
Arena Operations	Auto/Misc Licensing Fees/Taxes	990751	MN Dept of Health	615	49851	\$40.00
Arena Operations	Bldgs/Facilities Repair/Maint	052623	Wright-Hennepin Coop Electric	615	49851	\$30.95
Arena Operations	Electric Utilities	052223	Connexus Energy	615	49851	\$500.96
Arena Operations	Gas Utilities	828923495	Xcel Energy	615	49851	\$675.67
Arena Operations	Information Systems	B230516J	Anoka County Treasury Dept	615	49851	\$75.00
Arena Operations	Refuse Removal	9214469T067	Ace Solid Waste, Inc.	615	49851	\$261.99
Assessing	Professional Services Fees	2nd Qtr 24	Kenneth A. Tolzmann	101	41550	\$14,828.75
Building Inspection	Conferences/Meetings	051923	Nick Schmitz	101	42410	\$176.19
Building Inspection	Electrical Permits	05 2023	Sloth Inspections, Inc.	101		\$1,868.80
Building Inspection	Escrow Reimbursement		Shade Tree Construction	101		\$6,600.00
Building Inspection	Information Systems	1272	Metro-Inet	101	42410	\$814.64
Building Inspection	Motor Fuels	24293153	Mansfield Oil Company	101	42410	\$330.86
Building Inspection	Motor Vehicles Parts	107979405	Fleet Pride	101	42410	\$19.21
City Administration	Information Systems	B230516J	Anoka County Treasury Dept	101	41320	\$75.00
City Administration	Information Systems	1272	Metro-Inet	101	41320	\$1,181.90
City Administration	Office Equipment Rental	3106108954	Pitney Bowes Global Financial Svcs	101	41320	\$165.33
City Administration	Office Equipment Rental	501943666	US Bank Equipment Finance	101	41320	\$315.00
City Administration	Office Supplies	IN4212670	Innovative Office Solutions	101	41320	\$17.46
City Administration	Professional Services Fees	M28263	TimeSaver Off Site Secretarial	101	41320	\$705.50
City Administration	Telephone	051023	CenturyLink	101	41320	\$149.57
City Administration	Travel Expenses	051723	Carrie Frost	101	41320	\$320.95
Civic Events	Professional Services Fees	071523	Hollywood Pyrotechnics, Inc.	101	45311	\$6,500.00
Elections	Repairs/Maint Machinery/Equip	ELEC05302310	Anoka County Treasury Dept	101	41410	\$2,593.26
Finance	Information Systems	1272	Metro-Inet	101	41520	\$795.49
Finance	SAC Remittance	05 2023	Metropolitan Council	602		(\$127.40)
Finance	SAC Remittance	05 2023	Metropolitan Council	602		\$12,740.00
Finance	Sales Tax Remittance	05 2023	Minnesota Revenue	101		\$149.00
Fire Department	Bldgs/Facilities Repair/Maint	2511	Bill's Quality Cleaning	101	42210	\$168.00
Fire Department	Bldgs/Facilities Repair/Maint	2512	Bill's Quality Cleaning	101	42210	\$53.00
Fire Department	Bldgs/Facilities Repair/Maint	315071	Metro Garage Door Co.	101	42210	\$941.54
Fire Department	Bldgs/Facilities Repair/Maint	315074	Metro Garage Door Co.	101	42210	\$717.10
Fire Department	Bldgs/Facilities Repair/Maint	315077	Metro Garage Door Co.	101	42210	\$1,082.92
Fire Department	Bldgs/Facilities Repair/Maint	317154	Metro Garage Door Co.	101	42210	\$635.00
Fire Department	Conferences/Meetings	11342	MN Fire Serv Cert Board	101	42210	\$378.00
Fire Department	Conferences/Meetings	INV72484	Vector Solutions	101	42210	\$3,815.36



City of East Bethel

June 12, 2023

Payment Summary

Dept Descr	Object Descr	Invoice	Check Name	Fund	Dept	Amount
Fire Department	Electric Utilities	052223	Connexus Energy	101	42210	\$101.24
Fire Department	Electric Utilities	052223	Connexus Energy	101	42210	\$88.56
Fire Department	Electric Utilities	052223	Connexus Energy	101	42210	\$7.68
Fire Department	Electric Utilities	052223	Connexus Energy	101	42210	\$436.82
Fire Department	Gas Utilities	828923495	Xcel Energy	101	42210	\$682.08
Fire Department	General Operating Supplies	94345	Menards Cambridge	101	42210	\$126.71
Fire Department	Information Systems	B230516J	Anoka County Treasury Dept	101	42210	\$75.00
Fire Department	Information Systems	1272	Metro-Inet	101	42210	\$1,824.24
Fire Department	Motor Fuels	24293153	Mansfield Oil Company	101	42210	\$526.37
Fire Department	Motor Fuels	24293214	Mansfield Oil Company	101	42210	\$404.33
Fire Department	Motor Vehicles Parts	MP051823-52	Emergency Automotive	101	42210	\$207.52
Fire Department	Office Equipment Rental	34034286	GreatAmerica Financial Svcs	101	42210	\$125.78
Fire Department	Refuse Removal	9214469T067	Ace Solid Waste, Inc.	101	42210	\$185.43
Fire Department	Refuse Removal	9214469T067	Ace Solid Waste, Inc.	101	42210	\$35.19
Fire Department	Repairs/Maint Machinery/Equip	344514	Embedded Systems, Inc.	101	42210	\$112.50
Fire Department	Safety Supplies	37452746	Henry Schein, Inc.	101	42210	\$680.11
Fire Department	Safety Supplies	38208126	Henry Schein, Inc.	101	42210	\$12.82
Fire Department	Safety Supplies	40272902	Henry Schein, Inc.	101	42210	\$8.41
Fire Department	Small Tools and Minor Equip	INV-47497	Alex Air Apparatus 2 LLC	101	42210	\$1,316.87
Fire Department	Small Tools and Minor Equip	INV-47915	Alex Air Apparatus 2 LLC	101	42210	\$359.48
Fire Department	Small Tools and Minor Equip	9705990522	Grainger	101	42210	\$240.17
Fire Department	Telephone	051023	CenturyLink	101	42210	\$85.12
Fire Department	Telephone	051023	CenturyLink	101	42210	\$115.68
Fire Department	Telephone	13864340213364	Midcontinent Communications	101	42210	\$207.57
Fire Department	Telephone		T MOBILE	101	42210	\$99.56
Fire Department	Telephone	9935193009	Verizon	101	42210	\$560.14
General Govt Buildings/Plant	Bldg/Facility Repair Supplies	10057	Menards - Forest Lake	101	41940	\$28.47
General Govt Buildings/Plant	Bldgs/Facilities Repair/Maint	2509	Bill's Quality Cleaning	101	41940	\$380.00
General Govt Buildings/Plant	Bldgs/Facilities Repair/Maint	2513	Bill's Quality Cleaning	101	41940	\$168.00
General Govt Buildings/Plant	Bldgs/Facilities Repair/Maint	45611	Robert B. Hill Company	101	41940	\$18.00
General Govt Buildings/Plant	Bldgs/Facilities Repair/Maint	052623	Wright-Hennepin Coop Electric	101	41940	\$23.95
General Govt Buildings/Plant	Cleaning Supplies	IN4212670	Innovative Office Solutions	101	41940	\$39.93
General Govt Buildings/Plant	Electric Utilities	052223	Connexus Energy	101	41940	\$16.33
General Govt Buildings/Plant	Electric Utilities	052223	Connexus Energy	101	41940	\$691.23
General Govt Buildings/Plant	Electric Utilities	052223	Connexus Energy	101	41940	\$138.60
General Govt Buildings/Plant	Gas Utilities	828923495	Xcel Energy	101	41940	\$381.50
General Govt Buildings/Plant	Refuse Removal	9214469T067	Ace Solid Waste, Inc.	101	41940	\$75.25
Legal	Legal Fees	05 2023	Eckberg, Lammers, P.C.	101	41610	\$9,955.75
Legal	Legal Fees	34558	Eckberg, Lammers, P.C.	101	41610	\$6,428.00
Park Maintenance	Chemicals and Chem Products	130051382-001	SiteOne Landscape Supply	101	43201	\$666.80
Park Maintenance	Cleaning Supplies	9722917102	Grainger	101	43201	\$165.53
Park Maintenance	Clothing & Personal Equipment	4156341023	Cintas Corporation	101	43201	\$31.65
Park Maintenance	Clothing & Personal Equipment	4156917552	Cintas Corporation	101	43201	\$33.34
Park Maintenance	Clothing & Personal Equipment	4157728634	Cintas Corporation	101	43201	\$31.65
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$29.12
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$17.02



City of East Bethel
June 12, 2023
Payment Summary

Dept Descr	Object Descr	Invoice	Check Name	Fund	Dept	Amount
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$19.43
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$17.19
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$48.60
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$17.01
Park Maintenance	Electric Utilities	052223	Connexus Energy	101	43201	\$136.14
Park Maintenance	Equipment Parts	P46565	MN Equipment	101	43201	\$196.65
Park Maintenance	Equipment Parts	1539-192581	O'Reilly Auto Stores Inc.	101	43201	\$11.46
Park Maintenance	Information Systems	1272	Metro-Inet	101	43201	\$28.72
Park Maintenance	Motor Fuels	1014411	Linwood Country Store	101	43201	\$34.68
Park Maintenance	Motor Fuels	24293153	Mansfield Oil Company	101	43201	\$451.18
Park Maintenance	Motor Fuels	24293214	Mansfield Oil Company	101	43201	\$777.56
Park Maintenance	Other Equipment Rentals	MP223614	LRS	101	43201	\$310.00
Park Maintenance	Other Equipment Rentals	MP223615	LRS	101	43201	\$310.00
Park Maintenance	Other Equipment Rentals	MP223617	LRS	101	43201	\$80.00
Park Maintenance	Other Equipment Rentals	MP223618	LRS	101	43201	\$150.00
Park Maintenance	Other Equipment Rentals	MP223619	LRS	101	43201	\$80.00
Park Maintenance	Other Equipment Rentals	MP223621	LRS	101	43201	\$80.00
Park Maintenance	Other Equipment Rentals	MP223622	LRS	101	43201	\$80.00
Park Maintenance	Other Equipment Rentals	MP223623	LRS	101	43201	\$80.00
Park Maintenance	Park/Landscaping Materials	9322	Menards - Forest Lake	101	43201	\$169.97
Park Maintenance	Park/Landscaping Materials	130431396-001	SiteOne Landscape Supply	101	43201	\$114.26
Park Maintenance	Safety Supplies	4041227184	Capital One Trade Credit	101	43201	\$30.00
Park Maintenance	Safety Supplies	62768	Corporate Connection	101	43201	\$269.58
Planning and Zoning	Information Systems	1272	Metro-Inet	101	41910	\$543.09
Planning and Zoning	Legal Fees	34558	Eckberg, Lammers, P.C.	101		\$864.00
Planning and Zoning	Professional Services Fees		Anoka County	101	41910	\$1,000.00
Planning and Zoning	Professional Services Fees	M28263	TimeSaver Off Site Secretarial	101	41910	\$505.00
Recycling Operations	Electric Utilities	052223	Connexus Energy	226	43235	\$62.58
Recycling Operations	Gas Utilities	828923495	Xcel Energy	226	43235	\$117.71
Recycling Operations	Other Equipment Rentals	MP223620	LRS	226	43235	\$80.00
Recycling Operations	Professional Services Fees	052423	Cedar East Bethel Lions	226	43235	\$419.72
Recycling Operations	Professional Services Fees	052423	Cedar East Bethel Lions	226	43235	\$1,200.00
Recycling Operations	Professional Services Fees	3072b	Evergreen Recycling	226	43235	\$475.00
Recycling Operations	Professional Services Fees	060223	Freimuth Enterprises LLC	226	43235	\$78.00
Recycling Operations	Refuse Removal	9214469T067	Ace Solid Waste, Inc.	226	43235	\$550.32
Sewer Operations	Electric Utilities	052223	Connexus Energy	602	49451	\$155.14
Sewer Operations	Electric Utilities	052223	Connexus Energy	602	49451	\$65.98
Sewer Operations	Professional Services Fees	0001158084	Metropolitan Council Env Svcs	602	49451	\$5,265.69
Street Maintenance	Bldgs/Facilities Repair/Maint	4156341023	Cintas Corporation	101	43220	\$8.63
Street Maintenance	Bldgs/Facilities Repair/Maint	4156917552	Cintas Corporation	101	43220	\$9.09
Street Maintenance	Bldgs/Facilities Repair/Maint	4157728634	Cintas Corporation	101	43220	\$8.63
Street Maintenance	Clothing & Personal Equipment	4156341023	Cintas Corporation	101	43220	\$31.65
Street Maintenance	Clothing & Personal Equipment	4156917552	Cintas Corporation	101	43220	\$33.35
Street Maintenance	Clothing & Personal Equipment	4157728634	Cintas Corporation	101	43220	\$31.65
Street Maintenance	Conferences/Meetings		Tim Meyenburg	101	43220	\$34.06
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25



City of East Bethel

June 12, 2023

Payment Summary

Dept Descr	Object Descr	Invoice	Check Name	Fund	Dept	Amount
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$510.27
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$67.76
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$29.17
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$30.09
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$35.12
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$37.64
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$106.17
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$354.25
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$152.35
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$99.94
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$11.36
Street Maintenance	Electric Utilities	052223	Connexus Energy	101	43220	\$5.25
Street Maintenance	Equipment Parts	P50086	MacQueen Emergency, Inc.	101	43220	\$2,604.18
Street Maintenance	Equipment Parts	1921-111001	O'Reilly Auto Stores Inc.	101	43220	\$7.67
Street Maintenance	Equipment Parts	P3358401	RDO Equipment	101	43220	\$399.38
Street Maintenance	Equipment Parts	P7045414	RDO Equipment	101	43220	(\$31.03)
Street Maintenance	Equipment Parts	0194127-IN	Zarnoth Brush Works, Inc.	101	43220	\$1,080.85
Street Maintenance	Gas Utilities	828923495	Xcel Energy	101	43220	\$379.13
Street Maintenance	Information Systems	1272	Metro-Inet	101	43220	\$533.52
Street Maintenance	Lubricants and Additives	1539-192811	O'Reilly Auto Stores Inc.	101	43220	\$53.97
Street Maintenance	Motor Fuels	24293153	Mansfield Oil Company	101	43220	\$195.51
Street Maintenance	Motor Fuels	24293214	Mansfield Oil Company	101	43220	\$1,928.36
Street Maintenance	Professional Services Fees	3050356	Gopher State One-Call	101	43220	\$45.90
Street Maintenance	Refuse Removal	9214469T067	Ace Solid Waste, Inc.	101	43220	\$382.73
Street Maintenance	Small Tools and Minor Equip	0361123698	Capital One Trade Credit	101	43220	\$299.00
Street Maintenance	Street Maint Materials	38791940	Martin Marietta Materials	101	43220	\$892.03
Water Utility Operations	Bldgs/Facilities Repair/Maint	052623	Wright-Hennepin Coop Electric	601	49401	\$85.90
Water Utility Operations	Electric Utilities	052223	Connexus Energy	601	49401	\$1,707.16
Water Utility Operations	Electric Utilities	052223	Connexus Energy	601	49401	\$256.81
Water Utility Operations	Electric Utilities	052223	Connexus Energy	601	49401	\$183.61
Water Utility Operations	Information Systems	1272	Metro-Inet	601	49401	\$252.40
Water Utility Operations	Telephone	051023	CenturyLink	601	49401	\$152.79
Water Utility Operations	Telephone	051023	CenturyLink	601	49401	\$70.95
Water Utility Operations	Telephone	051023	CenturyLink	601	49401	\$196.15



City of East Bethel
June 12, 2023
Payment Summary

Dept Descr	Object Descr	Invoice	Check Name	Fund	Dept	Amount
						\$119,306.81



City of East Bethel

June 12, 2023

Payment Summary

Dept Descr	Object Descr	Invoice	Check Name	Fund	Dept	Amount
Electronic Payroll Payments						
Payroll	PERA					\$19,846.08
Payroll	Federal Withholding					\$11,339.43
Payroll	Medicare Withholding					\$4,323.26
Payroll	FICA Tax Withholding					\$16,608.50
Payroll	State Withholding					\$6,800.68
Payroll	MSRS/H.S.A./HCSP					\$13,466.88
						\$72,384.83

DRAFT MINUTES: NOT YET APPROVED

EAST BETHEL CITY COUNCIL MEETING

May 22, 2023

The East Bethel City Council met on May 22, 2023, at 7:00 p.m. for the regular City Council meeting at City Hall.

MEMBERS PRESENT: Brian Mundle Kevin Lewis
Tim Miller Jim Smith

MEMBERS ABSENT: Tim Harrington

ALSO PRESENT: Jack Davis, City Administrator
Eric Larson, City Attorney
Lieutenant Derek Peters, Sheriff Department
District Chief Troy Lachinski, Fire Department

1.0 Call to Order

The May 22, 2023, City Council meeting was called to order by Acting Mayor Mundle at 7:00 p.m.

2.0 Pledge of Allegiance

The Pledge of Allegiance was recited.

3.0 Adopt Agenda

Lewis stated I'll make a motion to adopt tonight's agenda adding Item G, Payroll Supplemental Payment Summary for \$1,967 under the Consent Agenda and adding Item F under Presentations – Airport Presentation. Miller stated I'll second. Mundle asked any discussion? To the motion, all in favor say aye. **All in favor.** Mundle asked any opposed? That motion passes. **Motion passes unanimously.**

4.0 Presentations and Public Hearings

4.0 A Dorsey Conduit Bond Presentation

Davis stated at the May 1, 2023 Work Meeting, City Council received a presentation from the City's bond counsel, Dorsey and financial advisor, Ehlers, regarding a request for the City's participation in conduit bond financing for the proposed purchase of the Cambia Hills facility by Nexus Family Healing.

Davis indicated the presentation by Dorsey and Ehlers reviewed the process and procedures for the issuance of conduit bonds. Both explained the legal considerations and assured that the City would have no liability exposure if it should decide to be the host city for the issuance.

Davis noted ISD 15 School Superintendent, Karsten Anderson, spoke in support of the need for the service to be provided by Nexus, but had concerns regarding charges for rent, state re-imbursement of the of ISD 15's cost for out of district students and staffing for district provided services. City Council Members questioned if there would be additional costs borne by the school district to support these services. Negotiations are underway to resolve these matters.

Davis stated at the May 8, 2023 Council Meeting, and after discussion of the proposed participation of the city in this matter, City Council approved Resolution 2023 – XX , to call a public hearing on the

1 question of the conduit bond financing at the June 12, 2023 Council Meeting. That resolution did not
2 authorize the financing or bond issuance for the project. The vote for final approval will be
3 considered after the public hearing at the June 12, 2023 Council Meeting.

4 Davis indicated although the City of Ham Lake declined to participate as a co-partner in the conduit
5 bond issuance, the Anoka County Finance Committee, composed of Commissioners Matt Look, Julie
6 Braastad and Jeff Reinert, approved the Nexus request to be the second bond conduit partner behind
7 East Bethel. The Committee showed a high level of support for their service and understood the
8 value the conduit bond program could bring to the project. The Committee expects their
9 recommendation to receive all County approvals.

10 Davis noted in addition to reviewing the conduit bond process, Dorsey will also present the tax
11 scenarios that could be expected from full bonding participation for the project to no bonding with
12 total use of Nexus funds for the property purchase. Should there be any question, Dorsey is the city's
13 bond counsel and does not represent Nexus.

14 Davis stated the City may charge the borrower an issuance fee for its services in connection with
15 bond financing. This fee is to be negotiated should the bonding be approved.

16 Davis noted if the City issues the proposed bonds, the borrower will be required to pay all direct and
17 indirect expenses of the City and indemnify and hold the City harmless against any liability related to
18 the issuance of the Bonds. As the City's bond counsel, Dorsey would prepare the bond documents
19 and represent the City's interests in the financing, but the city's cost (as well as the fees of all other
20 parties involved with the financing) would be paid by the Borrower.

21 Davis indicated the potential impact to ISD 15 and any costs related to this item are currently being
22 discussed by Nexus and the school district.

23 Rhonda Skoby, Dorsey and Whitney, stated she was in attendance at the meeting in the role of bond
24 counsel to the City. She indicated the proposal was for conduit bonds, which meant the obligation
25 was completely on the conduit borrower, which in this case was Nexus Diversified Community
26 Services. She stated the loan would be a two-step process with the first step being the loan from
27 Bremmer Bank to the City of East Bethel and the second step was the loan from East Bethel to the
28 conduit borrower. She noted there were no administrative steps to be taken once the bond
29 documents were finalized and the payments would go directly from the borrower to the bank. She
30 reiterated that there would be no financial obligation for the City and all of the costs associated with
31 the financing would be paid by the borrower.

32 Ms. Skoby stated with respect to the tax scenarios, there were two different types of tax-exempt
33 bonds that could be issued – general (regular tax-exempt bonds) and bank qualified bonds, which was
34 a subset of the regular tax-exempt bonds. She stated those types of bonds provided a greater
35 financial incentive to the lender because they were eligible to be loaned to a bank. She noted for
36 bank qualified bonds, the amount needed to be \$10 million or less and that was the reason there
37 would be two issuers involved in the bonds go forward in this way. And the reason the \$10 million
38 would be borrowed through East Bethel with the remainder of the \$7 million borrowed through
39 Anoka County. She noted breaking it up that way would give it a more desirable tax scenario and a
40 lower cost of borrowing for the borrower because it opened up the type of investor to a bigger pool.
41 She indicated there was a third tax scenario which was a no tax exemption – commercial lending. She
42 stated this was the most expensive of the options for the borrower. She noted in none of these
43 scenarios was East Bethel's tax levy implicated – it was completely paid by the borrower.

1 Davis asked if Ms. Skoby had any information on how this would impact the School District with the
2 conduit bond financing as opposed to the non-conduit bond financing. Ms. Skoby responded that the
3 cost of the project would be affected. She noted she could not speak for the School District, but if the
4 School District met its budget by levying, it would have more to levy for if the costs of the project
5 were higher. She stated that was a roundabout way of saying that the higher the cost of the project,
6 the more impact it would have on the School District.

7 Lewis asked if that would be through the leasing of the classrooms. Ms. Skoby responded yes, but
8 she was not a party to any of the negotiations between the School District and the borrower. She
9 pointed out that Michelle Marie, the CEO, and Scott McGuire, the CFO, of Nexus were in attendance
10 at the meeting and they would be able to speak about the status of those discussions along with
11 some of the specific numbers.

12 Lewis asked what was the hold harmless clause. Ms. Skoby responded bank qualified bonds could be
13 issued by any particular municipality up to \$10 million, so if the City this year wanted to issue its own
14 bonds for something, the City would not be eligible to do it on a bank qualifying basis because that
15 \$10 million would already be spoken for through this issuance. She noted there was a differential
16 between regular tax-exempt bonds and bank qualified tax-exempt bonds, so the borrower in its loan
17 documents would agree to make up that cost differential if they City were not able to issue bonds on
18 a bond qualified basis because of doing this deal. She noted if the difference between doing a regular
19 tax-exempt deal and doing this deal were calculated out to be a certain amount, that amount would
20 be passed along to the borrower.

21 Smith noted if the City was supposed to put up a \$10 million bond and the County puts up \$7 million,
22 the County in his mind would get a lot more money than the City did. He asked why was the City
23 putting up a larger bond. Mr. Skoby responded she did not think those numbers were set in stone
24 and she did not think the County would be opposed to it. She noted the County was very supportive.

25 Davis stated the City's financial advisor, Stacy Kvilvang from Ehlers, was also in attendance at the
26 meeting.

27 Stacy Kvilvang, Ehlers, stated with respect to the last question, it didn't matter if the City was \$10
28 million and the County was \$7 million or if it is flip flopped because the City was not liable for the
29 bonds and did not have to repay them.

30 Smith stated he understood that, but if the City was putting up \$10 million and if the City needed \$3
31 million for another situation, they would have that option, so would the City still put up the \$10
32 million. He indicated the City didn't have that for the rest of 2023. Ms. Kvilvang responded the City
33 did not have that option and that was what she just spoke about in her last comments – that is the
34 hold harmless clause. She gave an example of the City issuing \$10 million and then the City needed
35 \$2 million for a road project they were not planning, essentially they could still issue those bonds, but
36 they wouldn't be bank qualified. She indicated what happens is they calculate the difference in the
37 interest paid and then the borrower rebates that to the City, which is hold harmless.

38 Davis indicated Scott McGuire and Michelle Murray with Nexus are also in attendance if the Council
39 had any questions for them.

40 Scott McGuire, CFO Nexus, stated if the difference between doing fully taxable and tax exempt for
41 them was \$3.5 million over the life of the balance which was 27 years on the debt. He indicated \$3.5
42 million was very real money. He stated everything was more expensive as their program that they
43 run is a zero-margin program with national Medicaid. He noted this was not a business that they can
44 make a margin and they have to get reimbursement for all of their costs. He indicated they were

1 trying to keep the costs as low as they could, including the rent charged to the School District, which
2 originally with Cambia was going to be \$450,000 per year. He indicated they were able to work on a
3 rental system that maxes out at \$130,000 if the School District only used six classrooms, which was
4 what they would probably use with the number of clients they would have. He indicated it was then
5 based on ramp up, so only every classroom has \$22,000, and as additional classrooms are added,
6 then they charge another \$22,000. He stated it is charging the school for the classrooms that they
7 use. He indicated they had disclosed this to Karsten from the School District and they were very
8 happy to hear that was what they were thinking. He stated the last time they were here, the School
9 District didn't know how much it was going to cost them and they had in their head that it was going
10 to be \$450,000, so this proposal was received well by the School District.

11 Mundle requested an update on the negotiations with the School District. Michelle Murray, CEO
12 Nexus, responded that the negotiations were going well with the School District. She indicated they
13 had been discussing with the School District the pressures they were feeling in terms of educating
14 more children, but they wanted to educate the children that need services also. She believed there
15 was some concern about how this would impact their costs of educating these children. She noted
16 there was still a lot of unanswered questions. She stated they have had several meetings where they
17 had brought in consultants from other Districts in Minnesota to help the School District. She
18 indicated Superintendent Anderson was trying to get in contact with the State MSD person to answer
19 some questions that they still had around the billing.

20 Ms. Murray noted it appeared they could bill back the home District for the children that are in
21 regular education, which would actually be revenue to the school and would then offset any special
22 education concerns. She believed this might get itself worked out.

23 Ms. Murray stated the other piece the Council brought up was the cost of the first-year lease, which
24 would be about \$22,000 for one or two classrooms. Then, as classrooms would be added, it would go
25 up. She indicated what they are trying to look into is would that have an impact on levies. She
26 indicated the one thing they cleared up today with him and his finance person was that this is really
27 not going to generate an additional levy. She noted there was a basic levy that they did every single
28 year in every city to pay for educational costs and the basic levy would happen like it did every single
29 year. She stated that levy paid for whatever cost the School District had for those things and the only
30 thing that might result in a carve out is for the lease that Mr. McGuire was talking about. She stated
31 it would be very, very nominal and the School District was going to determine the numbers. At that
32 time, they would look at the numbers together. She indicated they were probably talking in the \$10
33 range per household, because the lease was so low. She stated none of this would actually impact a
34 new levy or a different kind of levy than the regular any expense that the school would be part of in
35 their basic levy.

36 Ms. Murphy noted this would carve out the lease and they were still looking into all of that. She
37 stated the School District had several options that they could do for the schooling. She indicated they
38 could either educate the children themselves or hire more teachers.

39 Ms. Murphy stated the other thing that was unknown was the special education rate that they still
40 had to work out the formula again with the State. She noted the other options are, there are two
41 different intermediate programs basically co-ops that they could speak to and they had a meeting
42 with one of those co-ops that the School District had been invited to as well. She indicated at the end
43 of last month they had met with another co-op that essentially would come in and do the school at
44 no expense, except for the lease of the classroom would still need to be paid for. She stated there
45 were several options they were still working on with Superintendent Anderson and their finance

1 person. She indicated they were scheduled to have some more meetings and would continue to
2 work together.

3 Smith inquired about Ms. Murray's comment about the School District needing to hire more teachers.
4 He had indicated Karsten Anderson said they couldn't even staff their own people, so how would they
5 get these additional teachers. Ms. Murray responded they had that concern also. She noted every
6 industry across the board had that concern right now. She believed it was a matter of doing the right
7 kind of campaigning. She noted the "sticky" situation was that the kids were going to come
8 regardless of the education. She stated the building already had the permit for them to proceed, so
9 the school situation with educating the kids had nothing to do with whether or not they were going
10 to provide the service in the City. She stated either way they were going to do it at a \$3.5 million
11 more cost or were they going to do it at a \$3.5 million reduction in cost. Either way, she noted the
12 service would open, the kids had to be educated, and East Bethel would have to educate them.

13 Ms. Murray stated they were trying to figure out a way where Superintendent Anderson would prefer
14 that they went ahead and did use an intermediate program or co-op because then he would not feel
15 the pressure of hiring staff. She thought the co-ops might have a better funnel to get special
16 education teachers.

17 Mundle stated it was his understanding Nexus had other facilities besides this one. He asked if they
18 have had any problems with educating or hiring teachers or staff at those facilities. Ms. Murphy
19 explained the different programs and setups they had for education.

20 Miller stated they had an Ordinance that was changed in, he believed 2020, that had a lot of different
21 things about licensed residential care. He asked if they are going to have to change that back or
22 modify it. Davis responded they would need to amend the Conditional Use Permit that was issued to
23 Cambia Hills by taking off Cambia Hills. Ms. Murphy stated they are prepared to meet all the same
24 requirements the City had for Cambia Hills and there would be no issues.

25 Lewis requested a copy of the CUP be given to Council for review.

26 Davis thanked everyone for attending the meeting and noted he had talked to Mr. McGuire and Ms.
27 Murray about the amendment to the CUP and they were on board with it. He hoped everything with
28 the School District would get resolved and there could be a decision made on June 12.

29 Lewis asked if the School District had indicated a drop-dead date when they were going to have all of
30 the information they needed pulled together and shared with Nexus. Ms. Murray responded the
31 School District was pretty reliant on the State getting back to them, so they did not have a lot of
32 control. She indicated Karsten had told her that he was hoping that he could get a meeting with the
33 State by the end of this week and he would like Nexus to be there as well so they could discuss their
34 billing formula and understand how it worked with the way St. Francis did their billing.

35 Mundle asked Davis to describe what the pilot program was. Davis responded it meant payment in
36 lieu of taxes. He indicated Nexus is a nonprofit so they don't pay any property taxes. He noted with
37 Cambia they worked out an agreement where there was an amount to be paid, but it was based
38 essentially on real estate values of the private use of the property versus the added value they had to
39 the property. He stated in this case, he did not think that was going to be able to be used, so what they
40 are doing now was seeing what the costs for services were to provide fire, police, and public work
41 services. He noted that would be the starting point to negotiating this so there would be a fair
42 participation by Nexus in those provisions and payment of those services.

1 Mundle noted essentially Nexus were not paying taxes and they were voluntarily choosing to enter
2 into this pilot program, but they would be paying a certain amount to the City in the same form as
3 taxes. Davis responded that was basically correct and he had held a discussion with Mr. McGuire and
4 he will be getting together with Mr. McGuire to discuss this to see what they could come up with.

5 **4.0 B Public Hearing – Zoning Map Amendment – 23620 Baltimore St NE**

6 Davis stated that on July 9, 2021, River West Homes Inc. purchased (PIN: 32-34-23-12-0022) 23620
7 Baltimore Street NE from St. Andrews Lutheran Church. Although this was originally platted in
8 September of 2001 as Lot 7 of Block 1 of the Birch Meadows 2nd Addition, this parcel was
9 subsequently zoned (P) Public as a result of the church being the previous owner.

10 Davis noted the City received a request for the rezoning from the owner, River West Homes Inc. River
11 West had constructed a single-family residence on the parcel and needed the zoning change to
12 enable a closing on the sale of the property. The Birch Meadows subdivision was Zoned Single Family
13 (R-1) and the rezoning would be consistent with surrounding properties.

14 Davis indicated the rezoning request aligned with the approved 2040 Comprehensive Plan. The
15 single-family residential (R-1) district was intended and designed to provide for certain low-density
16 residential areas now developed with single-family dwellings and areas where similar residential
17 development was likely to occur. No more than one single-family dwelling was permitted per lot.
18 There are no Comprehensive Plan changes required for this rezoning.

19 Davis stated the Planning Commission held a public hearing at their May 8, 2023 Special Meeting and
20 there was no one that spoke against the rezoning. The Planning Commission recommended that City
21 Council approve Resolution 2023-38.

22 Mundle opened the public hearing at 7:31 p.m.

23 There were no comments made.

24 Mundle closed the public hearing at 7:31 p.m.

25 **Smith stated I'll make a motion to approve PIN No. 32-30-32-0312-0022, 2360 Baltimore Street,**
26 **Resolution 2023-38. Miller stated I'll second.** Mundle asked any discussion? To the motion, all in
27 favor say aye. **All in favor.** Mundle asked any opposed? That motion passes. **Motion passes**
28 **unanimously.**

29 **4.0 C Anoka County Sheriff's Report**

30 Lieutenant Derek Peters presented the April 2023, Sheriff's Report, stating the Sheriff's Department
31 was significantly busier than in March with approximately 457 calls for service which he believed was
32 due to the warmer weather and the clear roads. He summarized the highlights of activity for April.

33 Miller asked if the burglaries were considered random. Lieutenant Peters responded there were
34 eight thefts, which were different than burglaries. He stated he was not seeing any trends with
35 respect to the thefts, but with the warmer weather thefts did have a tendency to rise.

36 **Informational; no action required.**

37 **4.0 D Fire Department Monthly Report**

38 District Chief Troy Lachinski stated April was the busiest month to date. He indicated they responded
39 to 86 total calls of which 63 were medicals, 6 car accidents, 6 alarms to burning or smoke related
40 calls, and 2 mutual aid calls. He noted they are seeing an increase across the board, but mostly in
41 medical calls.

1 Lewis asked if the Fire Department had made any progress with hiring. District Chief Lachinski
2 responded staffing was always an issue and they were still in the process of looking to hire people for
3 the Fire Department.

4 Mundle asked what was the optimum number of people they were looking for. District Chief
5 Lachinski responded they would like to have closer to 35 members (5 to 8 members). He noted they
6 would be having several retirements coming up in the next couple of years also, so it was critical they
7 hire more people as soon as possible.

8 District Chief Lachinski reminded the residents that burning permits were still being required

9 **Informational; no action required.**

10 **4.0 E Fire Department PERA Presentation**

11 Davis presented the staff report noting that this was the Fire Department Public Employment
12 Retirement Association presentation. He indicated the special Firefighters Relief Association
13 members would like to investigate moving their retirement plan to the statewide volunteer
14 firefighter plan. He stated the statewide volunteer firefighter plan was a defined benefit plan
15 administered by the Public Employee Retirement Association. He indicated retirement benefit were
16 based on the credit years of service with vesting status and the benefit level for their Fire Department
17 at the time they separate from service.

18 Davis indicated this move had been previously discussed but there were reasons not to join, including
19 the multi-year benefit freeze restricted program opt out clause and limiting vesting options. He
20 stated these items had since been resolved and the program appeared to be a better option as
21 compared to the current plan. He noted the State volunteer plan would not longer be required to
22 pay for an outside audit, saving approximately \$10,000 annually from their fund, invest the assets of
23 the fund through a fund manager as professional portfolio managers with the State Board of
24 Investment assume this responsibility, saving approximately \$11,000 per year. He noted they would
25 no longer have to continue the responsibilities of the fund and bylaw management. He indicated
26 payroll management of the fund essentially eliminated the time requirement for members of the
27 Relief Association to oversee the fund, plan benefits reportable, and investing schedules were
28 lessened.

29 Davis stated in 2023, there would be a financial incentive to join the State fund. He noted
30 attachment one to Council's packet required a signature by the City to initiate the cost analysis for
31 comparison of this fund. If the analysis was positive, the East Bethel Fire Relief could request Council
32 approval to move the retirement fund to the State plan.

33 Davis indicated Deputy Chief Lachinski could answer any questions the Council might have. He stated
34 Council was requested to approve the signing of a request for a cost analysis to join the statewide
35 volunteer firefighter plan.

36 Deputy Chief Lachinski indicated the Relief Association was a nonprofit (501(c)(4)), which was a
37 separate entity from the City. He stated the sole purpose of the Association was to provide a
38 retirement benefit to the members, which was a recruitment and retention tool to make sure they
39 had qualified firefighters for the City. He noted the reason they needed Council approval was
40 because if they fell below the fund balance, the City was liable to make up the difference of whatever
41 shortcomings they had. He noted as far as he knew in the history of the Relief Association, there had
42 been only two years where any kind of City Council mandatory contribution was required which was
43 in 2009 and 2010. He stated due to the stock market crash of 2008, everything that would happen

1 would be in a one-year delay so their goal was always to be 100 percent funded. He noted the
2 statewide volunteer plan was started in 2009 and one of the reasons he believed it was started that
3 year was because almost every Relief Association was basically volunteer ran.

4 Deputy Chief Lachinski stated they don't get paid for this and last year to update the Bylaws it took
5 around 7 hours of volunteer time. He noted it took a lot of time and it was difficult to get volunteers
6 to do anything, so to ask people to do things like this on their own time was difficult as well as
7 complicated and nobody really understood Relief Associations.

8 Deputy Chief Lachinski indicated as people retired, no one wanted to step in and take over their role
9 and that was one of the big reasons to do this as well as a bunch of small communities pooling their
10 money together would give them more power. He stated one of his big issues was once they put
11 their money into the State plan there was no way to take it out if they didn't like it or didn't agree
12 with it. He stated they would like to get this signed soon because they would like to get it submitted
13 to the State before July 15, which was the cut off to join in December.

14 Lewis asked if they moved to the Statewide volunteer fund, was the City obligated to make up any
15 shortfall. Deputy Chief Lachinski responded from the City's perspective, there is no change and
16 everything would remain the same. He noted even if they decide to go for a benefit increase later,
17 they will still have to come to the City to request that. He stated if they do fall below the
18 recommended level, there would be a mandatory contribution instead of the voluntary contribution
19 that the City makes every year. He indicated the big change for them was that they do not have to go
20 through these audits, which are very expensive and time consuming. He stated this would also free
21 up Mike Jeziorski time also as he helped them through the audit process.

22 Lewis asked how Jeziorski would stay aware of what was happening so they could look out for the
23 residents. Deputy Chief Lachinski responded Jeziorski would still have access to everything he
24 currently has access to today. He noted Jeziorski would be preparing a monthly report for them also.

25 Lewis asked if Jeziorski would be on the calls with the people who are actually managing the money.
26 District Chief Lachinski responded Jeziorski currently had access to all of the funds and he did a
27 monthly report too. He indicated Mayor Harrington and Chief Sanow were three municipal members
28 of the trustees for the Relief Association along with six firefighters members. He stated all they were
29 asking for now was a signature so they could investigate that plan.

30 **Lewis stated I'll make a motion to approve a cost analysis for the change of East Bethel Firefighters
31 Retirement Association to the State and Statewide volunteer fund. Smith stated I'll second.**

32 Mundle asked any discussion?

33 Miller stated it sounded like they were very positive in this and it sounded like it is coming of age and
34 that is a good thing. He asked if this was a request for a cost analysis to join this and would that tell
35 them anything new or different that they don't know already. District Chief Lachinski responded he
36 had been very opposed to joining this plan for many years, but now it actually made sense. He
37 indicated he didn't have an apples-to-apples comparison, so until they see the cost analysis he will
38 not know what the numbers were. However, he noted it was at least \$20,000 that would go right
39 back into their pocket to spend among the members, so that told him this was probably a better deal.

40 Lewis asked if District Chief Lachinski had any idea how their average returns compared to what the
41 current returns. District Chief Lachinski replied their money was invested in the stock market and
42 theirs was invested slightly different so they had to use different indexes, but year to year their
43 investment return was very similar. He noted the biggest difference was the current plan had
44 international investments that took a hit over the last year and the other plan did not have

1 international investments. He stated he was 100 percent on board with the need to invest in this and
2 he would be surprised if they don't see the proof that they need to move in this direction.

3 To the motion, all in favor say aye. **All in favor.** Mundle asked any opposed? That motion passes.
4 **Motion passes unanimously.**

5 **4.0 F Airport Presentation**

6 Suzanne Erkel, Co-Chair Blaine Anoka County Airport Advisory Commission, stated she had attended
7 the May 10 meeting and wanted to highlight their meeting for the Council. She stated on June 3,
8 there was a Blaine Burger Bash from 10 a.m. – 2 p.m. She indicated this even was basically business
9 oriented. She stated on September 27 from 4-6 p.m. there would be a public aircraft viewing area.
10 She noted anyone could take a tour of the airport at any time by contacting Brian Orr at 763-780-
11 2802. She stated the website was: macnoms.com. On this website there was a flight tracker for
12 people who were curious about aircraft flying low. She indicated this was also the website if
13 someone wanted to make a complaint for some reason.

14 **Informational; no action required.**

15 **5.0 Public Forum**

16 Jeff Swanson stated he was speaking in favor of the trail connection going to John Anderson Park. He
17 noted John Anderson Park was a great asset for the City and there was no easy way for kids who
18 don't drive to get to it. He indicated there was heavy kid traffic in the area. He understood for the
19 neighbors who border the park they might not want the trail, but for the rest of the residents, he
20 believed it was a nice Park with a lot of great assets.

21 Pat and Sean Brown also expressed support for the trail to John Anderson Park. She read from a
22 prepared statement stating the reasons for her support and noted a trail would be a much safer
23 access for the children in the neighborhood. She requested the City think about safety. She indicated
24 everyone had the right to use public areas. She stated she did understand concerns for privacy. She
25 hoped the City would see this through to completion. She believed it made for am much stronger
26 and growing community.

27 Elizabeth Vrchota stated she has been a resident for 26 years and one of the reasons she moved
28 there was because there was a creek that goes to the back of the property before the forest. She
29 indicated their neighborhood was a community and she wanted to get a path so she could go through
30 the woods and be able to enjoy the area back there. She stated she has enjoyed the path that she
31 put in 26 years ago and she picked up the garbage that people had left there. She indicated the trash
32 was left by people who did not live in the neighborhood as those people did not have a sense of
33 ownership of that area. She expressed concern that the trail would make the neighborhood a less
34 desirable place to live because they were going to have people that don't love and respect the land.
35 She believed people would feel entitled and throw garbage on the trail. She expressed concern it
36 would also draw more wildlife through there and it was going to change the neighborhood in a way
37 that was not good. She expressed concern there would be kids experimenting with smoking and
38 drugs also and because it was closed off and there was virgin forest there, it would be a place that
39 mischief was going to be inviting trouble. She stated people would not respect it, they don't care
40 about it, and they don't care what happens to it. She expressed concern that if people met a bear,
41 fox, coyotes, etc. on the trail, they would demand that wildlife go away. She stated their
42 neighborhood would be changed in a way they would never get back and she did not want to see that
43 happen.

1 Mundle requested Davis give an update on the trail system. Davis stated he would be giving an
2 update later in the meeting.

3 **6.0 Consent Agenda**

4 ~~Item A: Approve Bills~~

5 ~~Item B: Approve Meeting Minutes May 1, 2023 City Council Work Meeting~~

6 Item C: Approve Meeting Minutes, May 8, 2023 City Council Meeting

7 ~~Item D: John Anderson Park Trail Bids~~

8 Item E: University Ave Bids

9 Item F: Application to Conduct Excluded Bingo for St. Francis Athletic Booster Club

10 Item G: Payroll Supplemental Payment Summary for \$1,967

11 **Smith stated I'll make a motion to approve the Consent Agenda. Miller stated I'll second.** Mundle
12 asked any discussion? Lewis requested to pull Items A, B, and D. Smith stated he also had questions
13 on Item A. To the motion, all in favor say aye. **All in favor.** Mundle asked any opposed? That motion
14 passes. **Motion passes unanimously.**

15 **6.0 A Approve Bills**

16 Lewis asked under the Planning Department what was WSB Software for \$5,400 for. Davis responded
17 that was the annual cost for the GIS system.

18 Lewis asked for information on Street Auto Nation for \$6,251. Davis responded that was for the
19 repair of the turbo chargers on one of the 450 diesel trucks,

20 Smith asked under building inspections there are two charges for Aaron Berg for general operating
21 supplies. He asked what that was for. Davis responded that was for the jet ink printer they bought.
22 He noted this was put on a personal credit card and was a reimbursement.

23 Smith asked for an explanation under the billing inspection refund permit for \$190 for Three Way
24 Electric. Davis responded they paid for the permit and the job was cancelled.

25 Smith asked for the information for the Fire Department conferences and meeting for \$1,200 and
26 \$1,725. Davis responded the \$1,200 was for training programs and the second one was for training
27 programs for Firefighter One and for the people who passed the course, the reimbursement was
28 \$575 per person.

29 Smith inquired about the Fire Department safety supplies. Davis responded that those are not really
30 safety supplies and those should be coded to educational programs.

31 Smith inquired about the City Council dues, subscriptions, mediation, and restorative services \$1,324.
32 Davis responded that was a service that was provided by a nonprofit organization that 13 of 21 Anoka
33 County cities belonged to. He indicated it was for trying to resolve conflicts for issues with landlords
34 and tenants. He stated this was something the City contributed to for several years. He indicated
35 this was an annual cost.

36 Smith inquired about the escrow release for Josh Swinski for \$4,150. Davis responded that was for a
37 wetland escrow review, so all the money he had put in there to have that wetland delineated was not
38 used so that went back to him.

39 Smith stated there was also a refund overpayment for \$39 for Mundle Construction. Davis
40 responded they overpaid and it was a refund for a water account closeout.

1 **Lewis stated I'll make a motion to approve Item A of the Consent Agenda. Smith stated I'll second.**
 2 Mundle asked any discussion? To the motion, all in favor say aye. **All in favor.** Mundle asked any
 3 opposed? That motion passes. **Motion passes unanimously.**

4 **6.0 B City Council Meeting Minutes April 24, 2023**

5 Lewis stated he went onto the City website and checked the Minutes of April 24. He indicated that
 6 was the subsequent meeting when they were reviewing the minutes and he mentioned there was a
 7 misunderstanding by TimeSavers when he said he had a problem with "you talking to him and that's
 8 not what I was saying at all. It was that when you guys talked to outside parties on behalf of the City,
 9 you have to inform us as quickly as possible." He noted the Minutes on the website had not been
 10 changed to reflect what he said. He requested they be corrected.

11 **Lewis stated I'll make a motion to approve Item B of the Consent Agenda. Miller stated I'll second.**
 12 Mundle asked any discussion? To the motion, all in favor say aye. **All in favor.** Mundle asked any
 13 opposed? That motion passes. **Motion passes unanimously.**

14 **6.0 D John Anderson Park Trail Bids**

15 Lewis asked where did they stand on this. He asked if they were going to move forward and had they
 16 have done all they can. Davis responded they had a meeting on site with Karina and after that Tim
 17 was present and Joe Ryder was present. He noted they had some discussion about the impact it
 18 would have and the cost. He noted there was still some oaks that would need to be cut and they
 19 don't cut any oaks between April and October. He stated even if this was considered it could
 20 probably not be done this year. He suggested they go ahead with the proposal to pave this internal
 21 trail within the park and then the connector trail would be left for a future discussion.

22 Lewis stated he wanted to make sure they were listening to the resident's concerns (Karina's
 23 concerns), which he believed were valid concerns. He also thought it was valid that it was public
 24 property when they purchased the property too.

25 An audience member asked if the trail marked in red would be done this year. Davis responded it
 26 would not be done this year and it would need to be reevaluated next year. He noted it would be up
 27 to the Council as to what they wanted to do once the cost was figured out.

28 **Lewis stated I'll make a motion to approve Item D of the Consent Agenda. Miller stated I'll second.**
 29 Mundle asked any discussion? To the motion, all in favor say aye. **All in favor.** Mundle asked any
 30 opposed? That motion passes. **Motion passes unanimously.**

31 **7.0 New Business. Commission, Association, and Task Force Reports**

32 **7.0 A Planning Commission**

33 None.

34 **7.0 B Economic Development Authority**

35 None.

36
 37 **7.0 C Park Commission**

38 None.

39
 40 **8.0 Department Reports**

41 **8.0 A Community Development**

42 None.

1 **8.0 B Engineer Report**

2 None.

3 **8.0 C City Attorney**

4 None.

5 **8.0 D Finance**

6 None.

7 **8.0 E Public Works**

8 None.

9 **8.0 F Fire Department**

10 None.

11 **8.0 G City Administrator Report**

12 **8.0 G.1 June Work Meeting Agenda**

13 Davis stated the Council’s monthly Work Meeting was scheduled for Monday, June 5, 2023 at 7:00
14 p.m. The following items are recommended for discussion:

- 15 1. Electrical Permits – Change to State Permit Issuance and Inspection;
- 16 2. Discussion of a Conduit Bond Issuance Proposal for the Cambia Hills property purchase;
- 17 3. Community Development Director Position Discussion;
- 18 4. Ordinance Reviews; and
- 19 5. Communications Survey Results Report

20 Staff recommends that City Council set the agenda items as presented or other items as desired for
21 the June 5, 2023 Work Meeting.

22 Lewis requested updates on Gayle Murphy’s property and other problem properties in the City.

23 **Lewis stated I’ll make a motion to approve the June Work Meeting Agenda as amended. Miller**
24 **stated I’ll second.** Mundle asked any discussion? To the motion, all in favor say aye. **All in favor.**
25 Mundle asked any opposed? That motion passes. **Motion passes unanimously.**

26 **9.0 – Other Items**

27 **9.0 A Staff Report**

28 Davis updated the Council on the pothole patching progress. He noted last year they had spent
29 \$7,500 patching potholes (materials only) and this year they have spent \$25,500 and are only 2/3rds
30 the way through. He indicated the remaining potholes would go quicker as they were not as serious
31 as the other ones, but he expected it to be over \$30,000 on material purchased, which was four times
32 what they did last year.

33 Miller noted the City had not gone through their whole winter salt budget. He asked if some of that
34 money could be used for the pothole patching. Davis responded the City had spent almost all of the
35 salt budget due to the amount of snow and snow plowing this past winter.

36 **9.0 B Council Reports**

37 Smith stated he had no report.

38 Miller stated he wanted to discuss the pole barn material Ordinance that had been floating around
39 for almost two months. He noted recently the EDA requested it and he thought it was a great idea.
40 He stated getting more people looking at it, the more information they get. He indicated the EDA

1 came up with some valid points and had some good ideas to make some changes to improve it and
2 make it better.

3 Miller stated he was not sure about the sarcastic comments they have to take during those meetings
4 though and he did not think it was the kind of message they wanted to send and it did not benefit
5 anyone who resided in the City. He indicated it took a long time to put this Ordinance together and
6 they had talked with five different businesses, all of which said it was going to help and it was going
7 to open doors, which he believed they were trying to do.

8 Miller stated he expected when they send an Ordinance to be amended and once it passed one of
9 Council's Work Meetings, and it gets sent to a committee, it gets fine-tuned. He indicated this was
10 where you discuss it and you get to ask the questions and that was why they were presenting some
11 of these Ordinances.

12 Miller indicated the fact that you see it and are currently holding one of the amendments that we try
13 and send forward is a good indication of where it is already in Council, and the direction that they are
14 trying to go. He stated you have to ask yourself if we can make it better or is it good to go. He noted
15 that was the kind of advice and the kind of comments they want to see – if you like it, you like it; if
16 you don't, you stay professional with it and basically make your point. He indicated we'll take
17 everything into consideration and that is where that stuff is supposed to be done. He stated if you
18 don't like it, it not your job to cut it down or make fun of it.

19 Miller stated let's talk about it or make comments that are consistent with it, but if we don't approve
20 this, what's next. There's not what's next. We're trying to do this for the City, the residents, the
21 businesses. We're trying to get the wording right on these changes and do they benefit the residents.
22 Do they benefit the businesses, the community, or the seniors. He indicated they are trying to make
23 these Ordinances the best they can. He stated that in his mind and it was his opinion that was why
24 they have the committees and that was exactly what he was looking for when they sent something
25 there.

26 Miller stated getting the wording correct should be a common goal, along with the thought process of
27 how we are benefitting from this as a City, as residents, and as businesses.

28 Miller indicated for the most part, they got some good ideas from the last EDA meeting, but he
29 believed they needed to do better. He thought they have a lot of people who might like change, but
30 they don't like change but it's happening. He asked them to keep in mind they are trying to do this
31 for the benefit of the residents; to give them some relief; to give them some more freedom. He
32 stated he would like to see more people get a little bit more excited behind stuff like this. He did not
33 understand why someone would not get behind trying to help the residents; trying to help the
34 businesses; and trying to help new businesses.

35 Miller stated he thought what the EDA came up with was excellent and he believed there was a place
36 for it, and a place not for it, and that is one of the changes he looked forward to trying to work on and
37 he hoped Planning sees that too.

38 Miller indicated they can create opportunities while protecting what they have. That is what he
39 wanted to hear from the committees and he appreciated that. However, if she doesn't like it, at least
40 help them get the wording correct on it. You don't have to be negative and make negative
41 comments. That would not happen in any business and it should not happen in City businesses.

42 Miller wanted people to know that there's a lot of time and effort put into this stuff and anybody
43 (resident, business) can bring ideas to him and he'd be happy to write it up and try to get it to the

1 Council if it meets the criteria of what was good for the City, the residents, and the businesses. He
2 hoped people could see the visions they are trying to bring.

3 Miller stated he had people thinking that they were going to build pole barns and then spray paint a
4 sign on the side of it, but that is not what they're looking for. He indicated they are looking for
5 buildings that have character in the City, like the building they are in. He indicated the City has
6 ultimate control over how these look. He stated it could be as simple as better clarity that they can
7 figure out and hone in on to give a better basic package to the committees. In his mind, this was a
8 simple process and he had something that has been bogged down for two months, which he did not
9 understand as it was a benefit. He indicated it's not me against you, or you against me or anybody
10 else. The vision and the goal are the same and it should be the same to benefit the people in the City.

11 Lewis stated to follow up on Miller's comments he indicated they don't need snide comments.
12 People who are members of an advisory committee are supposed to be helping the Council and we
13 represent the residents as the ones who are elected by the residents. He noted there is a sarcastic
14 individual and he's going to be honest and requested this be on the public record.

15 Lewis stated we are going to take (and they advised Davis of this) that they were going to take a
16 pretty strong action here tonight to remove a person that we think exemplifies the snide behavior,
17 but we decided no, we don't want to get ahead of ourselves and they just decided today that we
18 don't want to overact. We want to give this person a chance to either go with the program, or do the
19 honorable thing. And that is, say, I don't believe in more freedom for the residents and for
20 businesses, I think they should be kept under our thumb of the City, and therefore, I don't agree with
21 your agenda and resign. He stated that was what an honorable person would do – resign. But we
22 thought as Miller said, we didn't want to seek people on advisory committees that we thought would
23 be working every single moment of every single day against everything we're trying to do. Only an
24 idiot would want to seek people who are going to be constantly be battling you when they're
25 supposed to be advising you.

26 Lewis indicated the basic goal we're trying to get to is not to change Ordinances for the sake of doing
27 so; it's about trying to bring a greater freedom for the residents and how they enjoy it. It's called
28 quiet enjoyment, and having a certain amount of freedom, and what you do with it.

29 Lewis stated it was the same with businesses not putting onerous requirements on them to build a
30 Taj Mahal, or we don't want you in the City. And especially that a city government should be vested
31 with power.

32 Lewis indicated he never anticipated we would get an anonymous letter from residents because
33 they're afraid of being found out as complaining about something with the City that there will be
34 retribution – being afraid of retribution from your own government that you're paying for. They are
35 trying to increase the freedom and improve the quiet enjoyment for the residents and also make the
36 City an attractive place for businesses to develop and expand without putting onerous requirement
37 on them that do nothing more than just exert power over somebody for the thrill of doing it.

38 Lewis stated it's like what Thomas Jefferson said, "The government that governs best, which governs
39 least," and he is a big believer in that. When they see problems in the Ordinances, where it's
40 ridiculous requirements that accomplish nothing significant, they want to eliminate them and they do
41 want feedback from the advisory groups and they don't need conflict. He indicated he seems to have
42 a reputation where he likes conflict, but he doesn't like conflict; it's unproductive and inefficient as
43 well as annoying. He asked everyone who was on any advisory role to examine their heart and see if

1 they want to be a part of this, or if they just want to “pack your lunch and sit on the bench” because
2 we’re about up to here with unfounded opposition.

3 Mundle stated he had no report.

4 **9.0 C Other**

5 None

6

7 **10.0 Adjourn**

8 **Lewis stated I’ll make a motion to adjourn. Miller stated I’ll second.** To the motion, all in favor say
9 aye. **All in favor.** Mundle asked any opposed? That motion passes. **Motion passes unanimously.**

10 Meeting adjourned at 8:45 PM.

11 Submitted by:

12 Kathy Altman

13 *TimeSaver Off Site Secretarial, Inc.*

RESOLUTION NO. 2023-41

CITY OF EAST BETHEL , MINNESOTA

RESOLUTION ESTABLISHING JUNETEENTH AS A CITY HOLIDAY

WHEREAS, Juneteenth (June 19th) has been recognized as a new federal holiday celebrating freedom from slavery in the United States; and

WHEREAS, the State of Minnesota outlines holidays in State Statute and after being duly passed in both the House (HF 48) and the Senate (SF 13), the Governor signed the bill into law on February 3, 2023 recognizing Juneteenth as a state holiday; and

WHEREAS, The new law was set to go into effect on Aug. 1, 2023, however, a provision contained in the state and local government omnibus bill, changes the effective date to make the new holiday effective before June 19 of this year, requiring that the day be observed.

WHEREAS, by statute, no public business can be conducted on Juneteenth effective August 1, 2023; and

WHEREAS, the City of East Bethel will recognize Juneteenth as a holiday beginning June 19, 2023; and

WHEREAS, the East Bethel Meeting Schedule shall be amended with the addition of Juneteenth as an observed holiday.

NOW THEREFORE, BE IT RESOLVED, the East Bethel City Council establishes Juneteenth (June 19) as a City holiday with the closure of City offices; and the date and rules of observance of the holiday shall be as specified in Minnesota Statutes §645.44.

Passed and duly adopted by the Council of the City of East Bethel this 12th day of June, 2023.

Mayor

ATTEST:

City Clerk/Treasurer

**Animal Humane Society
and
City of East Bethel**

**Letter of Understanding for Impound Housing Services
2023**

1. Animal Humane Society (AHS) agrees to provide the following services:
 - a. Housing for stray or abandoned animals that are retrieved or legally seized by your municipality's community service officer (CSO) or animal control officer (ACO), or for stray animals that are brought into the shelter by a citizen and verbal permission is given by your agency via phone for intake. Housing includes kennel space, daily cleaning, food and water.
 - b. AHS is unable to house wildlife or farm animals.
 - i. Exceptions can be made for chickens with prior approval of the site manager at AHS.
 - c. Herd management vaccination following our standard vaccination protocols, as well as medically necessary and/or emergency care for sick or injured animals impounded during regular business hours.
 - d. Euthanasia services as deemed necessary by an AHS veterinarian. These services may be provided at the end of the legally required holding period or in the case of a medical situation that requires immediate euthanasia.
 - e. Adoption services as deemed appropriate by AHS veterinary staff. The animals will be evaluated for these services at the end of the legally required holding period.
 - f. Euthanasia services and body disposal as deemed appropriate by AHS veterinary staff. The animals will be evaluated for these services at the end of the legally required holding period.
 - g. Provide animal rabies quarantine or diagnostic service for stray felines or canines that have bitten a person.
 - h. Hold animal for the legally required stray holding period: 5 days in MN, 4 Days in WI if a live release, 7 days in WI if euthanized or until reclaimed by owner within this holding period.
 - i. AHS will follow internal policy and best practice for unclaimed animals. **City of East Bethel** may request and view AHS policies at any time.

2. AHS expectations:
 - a. AHS is not responsible for sick or injured animals that are left after hours. Outside treatment must be sought for these animals by the animal control officer or community service officer prior to leaving the animals at the AHS facility when veterinary staff members are not on duty.
 - b. AHS has the sole authority to disposition all animals that have not been reclaimed upon the expiration of the legally designated holding period.

- c. AHS will not accept feral cats seized under municipal authority by your municipality's CSO or ACO.
- d. AHS is not responsible for collecting any fees from an owner for a municipality.

3. **City of East Bethel** agrees to:

- a. Adhere to the drop off procedure set forth by AHS including animal housing at the shelter and paperwork. Drop off procedures and paperwork training for community service or animal control officers will be provided.
- b. Adhere to state laws and local ordinances that apply to the handling of stray or abandoned animals and the seizure and return of animals to their owners.
- c. Direct citizens where to take stray animals when not receiving permission for impoundment at AHS.
- d. Seek care for injured or sick animals prior to drop off in the event that it is after hours and/or AHS veterinary staff is not on duty.
- e. Pay the designated fees for each animal cared for from your municipality.
 - i. AHS will charge a standard hold fee of \$214 per canine or feline and a \$49 fee per "other" domestic animals (rabbits, guinea pigs, birds etc.) not reclaimed by its owner.
 - ii. AHS will charge a municipality mandated quarantine fee of \$428 per canine or feline that is held for a quarantine or other holding period lasting more than 5 days independent of who claims the animal after that hold.
 - iii. AHS will charge a \$25 administrative/processing fee to the municipality for each animal reclaimed by its owner in place of the standard fee. In these instances, AHS will charge the owner the additional reclaim fees.
 - iv. AHS will charge a \$40 DOA (administrative/processing/cremation) fee for disposal of any cadavers brought to and AHS facility by a representative of the municipality.
 - v. **City of East Bethel** is responsible for fees if the owner does not reclaim by the last day of the stray hold.
- f. Adhere to AHS policy and best practice for unclaimed animals. **City of East Bethel** may request and view AHS policies at any time.
- g. Adhere to building access rules and ensure that the service access door is closed and locked after use in an after-hours drop off.
- h. Ensure that the municipality's CSO/ACO uses his/her discretion in the field as to whether or not to impound an animal. AHS is not responsible for those decisions.
- i. Be available to members of your community to resolve their concerns related to the actions of your ACO/CSO officers and your municipality's procedures, policies and requirements.

4. Administration

- a. AHS will bill the municipality at the end of each quarter on a fiscal calendar year. Billing will be mailed in the first month following the end of the quarter. Payment is expected within 30 days of receipt of billing.

- b. AHS will assign a contact person who should be contacted in the event of any problems, concerns or to receive feedback regarding the program.
- c. Any billing disputes must be raised within 10 days of receipt of billing.
- d. The AHS agrees to maintain all data received from **City of East Bethel** in the same manner as **City of East Bethel** as required under the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.
- e. Insurance Requirements.
 - i. Liability. AHS agrees to maintain commercial general liability insurance in a minimum amount of \$1,000,000 per occurrence; \$2,000,000 annual aggregate. The policy shall cover liability arising from premises, operations, products-completed operations, personal injury, advertising injury, and contractually assumed liability. Upon request **City of East Bethel** shall be named as an additional insured.
 - ii. Automobile Liability. If AHS operates a motor vehicle in performing the services under this agreement, AHS shall maintain commercial automobile liability insurance, including owned, hired, and non-owned automobiles, with a minimum liability limit of \$1,000,000, combined single limit.
 - iii. Workers' Compensation. AHS agrees to comply with all applicable workers' compensation laws in Minnesota.
 - iv. Certificate of Insurance. The AHS shall deliver to **City of East Bethel** a Certificate of Insurance as evidence that the above coverages are in full force and effect.
- f. Indemnification:
 - i. AHS. To the fullest extent permitted by law, AHS agrees to defend and indemnify **City of East Bethel**, and its officers, employees, and volunteers, from and against all claims, damages, losses, and expenses, including attorney fees, arising out of or resulting from the performance of work under this agreement; but only to the extent caused in whole or in part by the negligent acts, errors or omissions of AHS, AHS's subcontractor(s), or anyone directly or indirectly employed or hired by AHS, or anyone for whose acts AHS may be liable. AHS agrees this indemnity obligation shall survive the completion or termination of this agreement.
 - ii. **City of East Bethel**. To the fullest extent permitted by law, **City of East Bethel** agrees to defend and indemnify AHS, and its officers, employees, and volunteers, from and against all claims, damages, losses, and expenses, including attorney fees, arising out of or resulting from the performance of work under this agreement; but only to the extent caused in whole or in part by the negligent acts, errors or omissions of **City of East Bethel**, or anyone directly or indirectly employed or hired by **City of East Bethel**, or anyone for whose acts **City of East Bethel** may be liable. **City of East Bethel** agrees this indemnity obligation shall survive the completion or termination of this agreement.

This agreement is based on a one year commitment, which is renewed annually from the date your administrator signs the agreement below. If the municipality brings animals to AHS without a signed contract, it will be assumed that the agreement is extended for term of the next contract. The agreement can be ended at any time by either party with a 30 day written notice.

This agreement is entered into on the ____ day of _____, 202__ by

Janelle Dixon, President & CEO
Animal Humane Society

Signed on behalf of Municipal Authority

Printed Name and Title

Signed on behalf of Municipal Authority

Printed Name and Title

Email Address to send invoices



Helpful Tips for Impound Animals

- **Building Access** – AHS provides 24/7 access to the incoming vestibule for the drop-off of animals. **If issues arise accessing the building after-hours, the Animal Operations Manager – Shannon Houg, can be contacted at 612-229-3326 (cell).**
 - Keys have been provided as requested. One key will be used to access the exterior door of the building, and the second key will open the impound cages in the vestibule.
 - During the following hours, staff are typically available to assist with the intake of an animal. Officers can check in with the staff in the lobby instead of using the cages.
 - Wednesday, Thursday, Friday, Saturday & Sunday: 8:00am to 4:00pm
 - Tuesday: 12:00pm to 8:00pm

- **Information** – General inquiries, Case follow-up, and any questions regarding disposition or status of an animal can be directed to the Coon Rapids Site Manager:

Shannon Houg
 Email: shoug@animalhumanesociety.org
 Office: 763-432-4856
 Cell: 612-229-3326

- **Impound Cages** – There are four cages available for after-hours drop off. Food, Litter, water, bowls, litter boxes and other supplies are available for the animals. Please provide the appropriate items for each animal. The supplies will be located in a cabinet in the vestibule.

- **Reasons for impoundment** – The majority of animals brought in are found at-large. We assume a 5-day stray hold for all animals that are found at large or abandoned. For animals with reported bites this becomes a 10-day hold for rabies quarantines. If any other timeline is requested, this must be documented.
 - Owner Surrenders: See note under “Other Services Offered” section, for Owner Surrenders. In nearly all cases, these people should be referred to our Pet Helpline to make a surrender appointment, unless the situation appears dire/urgent (animal poses a safety risk if left in the home, signs of neglect etc.) that officers accept the owner surrender.
 - **Humane Investigation (H.I.) cases:** When it appears the situation may require the seizure of animals due to cruelty or neglect, it is important the cases are coordinated with our Humane Investigations department. This must be started before bringing the animal to AHS, especially if there are multiple animals involved.
 - Humane Investigations contact Information:
 - <https://ahs.i-sight.com/external/case/new>
 - tel: 612-772-9999



- **Intake forms** - AHS provides a generic Impound Form for your use. If your municipality chooses to use your own paperwork/forms, we can accept those as well. If you would like to use your own forms/reports, we can review those to ensure all necessary information is included. Impound forms will be available in the vestibule for your use.
 - Completed forms are to be placed in the drop-box if arriving after-hours.
 - Owner Information: If an owner is known, please include full name and all contact information known. We do reach out to all known owners. Any key details we need to know before making calls such as: Owner arrested, admitted to hospital or deceased.
 - If for any reason you would like us NOT to reach out to an owner, please include that in the notes with as much detail as possible for the case, but still do provide the owner info.
 - Animal Information: Information must include the location/address of pick-up, and the bite history (if any) of the animal. If vaccine history or other records are available, those can be share as well (hard copies or via email).
 - Cats should arrive in a kennel, not a live trap, unless known to be friendly when checked.
 - Detailed, concise information for intake reason
 - In order to minimize calls to the submitting officer, please ensure as much detail as possible is recorded on the Impound form.
- **Reclaiming Animals:** To reclaim a pet, the owner must provide proof of ownership. Generally, this is one of the following: photographs, vet records, AKC or adoption paperwork, or a matching name/phone number on chip or collar tag.
 - If an owner believe their pet may be in our care, they can call the AHS Pet Helpline (952-435-7738) and they will be connected with the staff on-site in CR to arrange a time for pick-up.
 - Owners can also walk-in during the following hours to reclaim:
 - Wednesday, Thursday, Friday, Saturday & Sunday: 8:00am to 4:00pm
 - Tuesday: 12:00pm to 8:00pm
 - Owners of the pet will be charged fees by AHS based on the services rendered (nights of boarding, medical care, vaccines etc.). In the event the owner is unable to pay the fee, we may reduce or waive the fee to ensure the pet can go back home.
 - Stray and impounded animals currently in our care can be viewed on our website: <https://www.animalhumanesociety.org/strays>

Additional AHS Services available to the community

As a shelter, AHS offers services available to community. Community members can contact the AHS Pet Helpline (952-435-7738) to inquire about scheduling and availability of services.

- Owner Surrender, End-of-Life and cremation services are available to owned animals by appointment. Appointments are scheduled in advance. Wait time for appointments will vary,

Coon Rapids • Golden Valley • St. Paul • Woodbury

952-435-7738

[animalhumanesociety.org](https://www.animalhumanesociety.org)
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and emergency availability cannot be guaranteed. We will accept strays from the public from any community.

- AHS offers Trap-Neuter-Release services to the public for feral cats at no cost. Community members working with a unowned cats are eligible.
 - If caretakers claim ownership for the cats, they should be referred to our Vet Center
- Pet Food Assistance – AHS often has donated food available to help community members experiencing hardship who would benefit from short-term support with food or litter.
- Low-Cost Veterinary care - we offer low-cost, full-service, outpatient veterinary care for a means tested clientele
- We offer many other services like training and humane education. These can all be found at our website: <https://animalhumane.org>

**BID TABULATION
CITY OF EAST BETHEL
2023 STREET IMPROVEMENT PROJECT**

Bids were opened May 25, 2023 at 10:00 a.m.
A total of seven (7) bids were received, as shown herein.

Base Bid					<i>T. A. Schifsky & Sons, Inc.</i>		<i>Rum River Contracting</i>		<i>Knife River Corporation</i>	
ITEM NO.	Mn/DOT SPEC. NO.	ITEM DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION
1	2021.501	MOBILIZATION	LUMP SUM	1	\$ 17,500.00	\$ 17,500.00	\$ 14,650.00	\$ 14,650.00	\$ 10,000.00	\$ 10,000.00
2	2104.502	SALVAGE CASTING	EACH	8	\$ 275.00	\$ 2,200.00	\$ 300.00	\$ 2,400.00	\$ 350.00	\$ 2,800.00
3	2104.502	REMOVE CASTING	EACH	5	\$ 275.00	\$ 1,375.00	\$ 350.00	\$ 1,750.00	\$ 300.00	\$ 1,500.00
4	2104.503	SAWING CONCRETE PAVEMENT - FULL DEPTH	LIN FT	78	\$ 5.00	\$ 390.00	\$ 9.00	\$ 702.00	\$ 12.00	\$ 936.00
5	2104.503	SAWING BITUMINOUS PAVEMENT - FULL DEPTH	LIN FT	460	\$ 5.00	\$ 2,300.00	\$ 4.00	\$ 1,840.00	\$ 5.00	\$ 2,300.00
6	2104.504	REMOVE BITUMINOUS PAVEMENT	SQ YD	311	\$ 9.50	\$ 2,954.50	\$ 12.00	\$ 3,732.00	\$ 7.00	\$ 2,177.00
7	2104.504	REMOVE CONCRETE PAVEMENT	SQ YD	28	\$ 18.00	\$ 504.00	\$ 18.00	\$ 504.00	\$ 23.00	\$ 644.00
8	2211.509	AGGREGATE BASE CLASS 5	TON	90	\$ 0.01	\$ 0.90	\$ 30.00	\$ 2,700.00	\$ 45.00	\$ 4,050.00
9	2232.604	MILL BITUMINOUS SURFACE	SQ YD	366	\$ 10.00	\$ 3,660.00	\$ 22.00	\$ 8,052.00	\$ 6.50	\$ 2,379.00
10	2301.503	INTEGRANT CURB DESIGN B6	LIN FT	220	\$ 42.00	\$ 9,240.00	\$ 40.00	\$ 8,800.00	\$ 40.00	\$ 8,800.00
11	2357.506	BITUMINOUS MATERIAL FOR TACK COAT	GALLONS	2328	\$ 0.01	\$ 23.28	\$ 3.50	\$ 8,148.00	\$ 2.50	\$ 5,820.00
12	2360.504	TYPE SP 9.5 WEARING COURSE MIXTURE (2;B) 3.0" THICK	SQ YD	330	\$ 30.00	\$ 9,900.00	\$ 34.65	\$ 11,434.50	\$ 17.00	\$ 5,610.00
13	2360.509	TYPE SP 4.75 BITUMINOUS MIXTURE FOR PATCHING (2;B)	TON	50	\$ 125.00	\$ 6,250.00	\$ 265.65	\$ 13,282.50	\$ 105.00	\$ 5,250.00
14	2360.509	TYPE SP 9.5 WEARING COURSE MIXTURE (2;B)	TON	3239	\$ 73.80	\$ 239,038.20	\$ 70.34	\$ 227,831.26	\$ 78.00	\$ 252,642.00
15	2411.502	CONCRETE FLUME	EACH	1	\$ 1,575.00	\$ 1,575.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
16	2506.502	CASTING ASSEMBLY	EACH	5	\$ 902.01	\$ 4,510.05	\$ 1,200.00	\$ 6,000.00	\$ 2,500.00	\$ 12,500.00
17	2506.602	ADJUST FRAME AND RING CASTING	EACH	13	\$ 500.00	\$ 6,500.00	\$ 400.00	\$ 5,200.00	\$ 155.00	\$ 2,015.00
18	2511.504	GEOTEXTILE FILTER TYPE 7	SQ YD	31	\$ 6.00	\$ 186.00	\$ 12.00	\$ 372.00	\$ 4.00	\$ 124.00
19	2511.507	RANDOM RIPRAP CLASS II (FIELD STONE)	CU YD	8	\$ 135.00	\$ 1,080.00	\$ 200.00	\$ 1,600.00	\$ 125.00	\$ 1,000.00
20	2521.518	6" CONCRETE WALK	SQ FT	78	\$ 26.25	\$ 2,047.50	\$ 25.00	\$ 1,950.00	\$ 25.00	\$ 1,950.00
21	2531.504	7" CONCRETE DRIVEWAY PAVEMENT	SQ FT	320	\$ 15.75	\$ 5,040.00	\$ 15.00	\$ 4,800.00	\$ 15.00	\$ 4,800.00
22	2531.618	TRUNCATED DOMES	SQ FT	20	\$ 57.75	\$ 1,155.00	\$ 55.00	\$ 1,100.00	\$ 55.00	\$ 1,100.00
23	2563.601	TRAFFIC CONTROL	LUMP SUM	1	\$ 1,785.00	\$ 1,785.00	\$ 1,350.00	\$ 1,350.00	\$ 1,350.00	\$ 1,350.00
24	2574.507	COMMON TOPSOIL BORROW	CU YD	40	\$ 40.00	\$ 1,600.00	\$ 80.00	\$ 3,200.00	\$ 50.00	\$ 2,000.00
25	2575.604	SITE RESTORATION	SQ YD	630	\$ 3.85	\$ 2,425.50	\$ 10.40	\$ 6,552.00	\$ 10.00	\$ 6,300.00
Total Base Bid					\$ 323,239.93		\$ 339,450.26		\$ 339,547.00	

**BID TABULATION
CITY OF EAST BETHEL
2023 STREET IMPROVEMENT PROJECT**

Item 6.0 E, Attachment 2

Bids were opened May 25, 2023 at 10:00 a.m.
A total of seven (7) bids were received, as shown herein.

Base Bid					<i>Novco Inc.</i>		<i>Asphalt Surface Technologies Corp.</i>		<i>Park Construction Company</i>	
ITEM NO.	Mn/DOT SPEC. NO.	ITEM DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION
1	2021.501	MOBILIZATION	LUMP SUM	1	\$ 15,000.00	\$ 15,000.00	\$ 24,500.00	\$ 24,500.00	\$ 20,200.00	\$ 20,200.00
2	2104.502	SALVAGE CASTING	EACH	8	\$ 300.00	\$ 2,400.00	\$ 275.00	\$ 2,200.00	\$ 226.00	\$ 1,808.00
3	2104.502	REMOVE CASTING	EACH	5	\$ 350.00	\$ 1,750.00	\$ 275.00	\$ 1,375.00	\$ 226.00	\$ 1,130.00
4	2104.503	SAWING CONCRETE PAVEMENT - FULL DEPTH	LIN FT	78	\$ 9.00	\$ 702.00	\$ 4.00	\$ 312.00	\$ 9.80	\$ 764.40
5	2104.503	SAWING BITUMINOUS PAVEMENT - FULL DEPTH	LIN FT	460	\$ 9.00	\$ 4,140.00	\$ 3.00	\$ 1,380.00	\$ 3.65	\$ 1,679.00
6	2104.504	REMOVE BITUMINOUS PAVEMENT	SQ YD	311	\$ 12.00	\$ 3,732.00	\$ 25.08	\$ 7,799.88	\$ 13.80	\$ 4,291.80
7	2104.504	REMOVE CONCRETE PAVEMENT	SQ YD	28	\$ 18.00	\$ 504.00	\$ 25.08	\$ 702.24	\$ 36.00	\$ 1,008.00
8	2211.509	AGGREGATE BASE CLASS 5	TON	90	\$ 25.00	\$ 2,250.00	\$ 33.00	\$ 2,970.00	\$ 45.80	\$ 4,122.00
9	2232.604	MILL BITUMINOUS SURFACE	SQ YD	366	\$ 2.50	\$ 915.00	\$ 20.79	\$ 7,609.14	\$ 16.80	\$ 6,148.80
10	2301.503	INTEGRANT CURB DESIGN B6	LIN FT	220	\$ 52.00	\$ 11,440.00	\$ 88.00	\$ 19,360.00	\$ 53.80	\$ 11,836.00
11	2357.506	BITUMINOUS MATERIAL FOR TACK COAT	GALLONS	2328	\$ 3.75	\$ 8,730.00	\$ 3.00	\$ 6,984.00	\$ 2.35	\$ 5,470.80
12	2360.504	TYPE SP 9.5 WEARING COURSE MIXTURE (2;B) 3.0" THICK	SQ YD	330	\$ 36.00	\$ 11,880.00	\$ 40.04	\$ 13,213.20	\$ 36.00	\$ 11,880.00
13	2360.509	TYPE SP 4.75 BITUMINOUS MIXTURE FOR PATCHING (2;B)	TON	50	\$ 270.00	\$ 13,500.00	\$ 159.50	\$ 7,975.00	\$ 172.00	\$ 8,600.00
14	2360.509	TYPE SP 9.5 WEARING COURSE MIXTURE (2;B)	TON	3239	\$ 72.00	\$ 233,208.00	\$ 73.48	\$ 238,001.72	\$ 78.20	\$ 253,289.80
15	2411.502	CONCRETE FLUME	EACH	1	\$ 5,500.00	\$ 5,500.00	\$ 1,980.00	\$ 1,980.00	\$ 5,050.00	\$ 5,050.00
16	2506.502	CASTING ASSEMBLY	EACH	5	\$ 1,500.00	\$ 7,500.00	\$ 1,100.00	\$ 5,500.00	\$ 1,040.00	\$ 5,200.00
17	2506.602	ADJUST FRAME AND RING CASTING	EACH	13	\$ 400.00	\$ 5,200.00	\$ 935.00	\$ 12,155.00	\$ 295.00	\$ 3,835.00
18	2511.504	GEOTEXTILE FILTER TYPE 7	SQ YD	31	\$ 12.00	\$ 372.00	\$ 13.20	\$ 409.20	\$ 9.80	\$ 303.80
19	2511.507	RANDOM RIPRAP CLASS II (FIELD STONE)	CU YD	8	\$ 200.00	\$ 1,600.00	\$ 181.50	\$ 1,452.00	\$ 261.00	\$ 2,088.00
20	2521.518	6" CONCRETE WALK	SQ FT	78	\$ 49.00	\$ 3,822.00	\$ 27.50	\$ 2,145.00	\$ 49.20	\$ 3,837.60
21	2531.504	7" CONCRETE DRIVEWAY PAVEMENT	SQ FT	320	\$ 39.00	\$ 12,480.00	\$ 16.50	\$ 5,280.00	\$ 36.30	\$ 11,616.00
22	2531.618	TRUNCATED DOMES	SQ FT	20	\$ 150.00	\$ 3,000.00	\$ 71.50	\$ 1,430.00	\$ 152.00	\$ 3,040.00
23	2563.601	TRAFFIC CONTROL	LUMP SUM	1	\$ 4,000.00	\$ 4,000.00	\$ 1,650.00	\$ 1,650.00	\$ 1,360.00	\$ 1,360.00
24	2574.507	COMMON TOPSOIL BORROW	CU YD	40	\$ 50.00	\$ 2,000.00	\$ 60.50	\$ 2,420.00	\$ 107.00	\$ 4,280.00
25	2575.604	SITE RESTORATION	SQ YD	630	\$ 15.00	\$ 9,450.00	\$ 6.82	\$ 4,296.60	\$ 5.95	\$ 3,748.50
Total Base Bid					\$ 365,075.00		\$ 373,099.98		\$ 376,587.50	

**BID TABULATION
CITY OF EAST BETHEL
2023 STREET IMPROVEMENT PROJECT**

Bids were opened May 25, 2023 at 10:00 a.m.
A total of seven (7) bids were received, as shown herein.

Base Bid					<i>Bituminous Roadways Inc.</i>	
ITEM NO.	Mn/DOT SPEC. NO.	ITEM DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	EXTENSION
1	2021.501	MOBILIZATION	LUMP SUM	1	\$ 15,000.00	\$ 15,000.00
2	2104.502	SALVAGE CASTING	EACH	8	\$ 300.00	\$ 2,400.00
3	2104.502	REMOVE CASTING	EACH	5	\$ 380.00	\$ 1,900.00
4	2104.503	SAWING CONCRETE PAVEMENT - FULL DEPTH	LIN FT	78	\$ 6.00	\$ 468.00
5	2104.503	SAWING BITUMINOUS PAVEMENT - FULL DEPTH	LIN FT	460	\$ 2.00	\$ 920.00
6	2104.504	REMOVE BITUMINOUS PAVEMENT	SQ YD	311	\$ 12.00	\$ 3,732.00
7	2104.504	REMOVE CONCRETE PAVEMENT	SQ YD	28	\$ 45.00	\$ 1,260.00
8	2211.509	AGGREGATE BASE CLASS 5	TON	90	\$ 45.00	\$ 4,050.00
9	2232.604	MILL BITUMINOUS SURFACE	SQ YD	366	\$ 18.00	\$ 6,588.00
10	2301.503	INTEGRANT CURB DESIGN B6	LIN FT	220	\$ 42.00	\$ 9,240.00
11	2357.506	BITUMINOUS MATERIAL FOR TACK COAT	GALLONS	2328	\$ 1.00	\$ 2,328.00
12	2360.504	TYPE SP 9.5 WEARING COURSE MIXTURE (2;B) 3.0" THICK	SQ YD	330	\$ 29.00	\$ 9,570.00
13	2360.509	TYPE SP 4.75 BITUMINOUS MIXTURE FOR PATCHING (2;B)	TON	50	\$ 190.00	\$ 9,500.00
14	2360.509	TYPE SP 9.5 WEARING COURSE MIXTURE (2;B)	TON	3239	\$ 84.00	\$ 272,076.00
15	2411.502	CONCRETE FLUME	EACH	1	\$ 1,580.00	\$ 1,580.00
16	2506.502	CASTING ASSEMBLY	EACH	5	\$ 1,000.00	\$ 5,000.00
17	2506.602	ADJUST FRAME AND RING CASTING	EACH	13	\$ 1,200.00	\$ 15,600.00
18	2511.504	GEOTEXTILE FILTER TYPE 7	SQ YD	31	\$ 6.00	\$ 186.00
19	2511.507	RANDOM RIPRAP CLASS II (FIELD STONE)	CU YD	8	\$ 180.00	\$ 1,440.00
20	2521.518	6" CONCRETE WALK	SQ FT	78	\$ 26.00	\$ 2,028.00
21	2531.504	7" CONCRETE DRIVEWAY PAVEMENT	SQ FT	320	\$ 16.00	\$ 5,120.00
22	2531.618	TRUNCATED DOMES	SQ FT	20	\$ 56.00	\$ 1,120.00
23	2563.601	TRAFFIC CONTROL	LUMP SUM	1	\$ 6,500.00	\$ 6,500.00
24	2574.507	COMMON TOPSOIL BORROW	CU YD	40	\$ 80.00	\$ 3,200.00
25	2575.604	SITE RESTORATION	SQ YD	630	\$ 4.50	\$ 2,835.00
Total Base Bid					\$ 383,641.00	

RESOLUTION NO. 2023-43

RESOLUTION ACCEPTING BIDS FOR THE 2023 STREET SURFACE IMPROVEMENT PROJECT

WHEREAS, pursuant to the advertisement for bids for the 2023 Street Surface Improvement Project, bids were received electronically, reviewed, and tabulated according to law, and the following bids were received complying with the advertisement:

	<u>Total Bid Amount</u>
T. A. Schifsky & Sons, Inc.	\$323,239.93
Rum River Contracting	\$339,450.26
Knife River Corporation	\$339,547.00
Novco Inc.	\$365,075.00
Asphalt Surface Technologies Corp.	\$373,099.98
Park Construction Company	\$376,587.50
Bituminous Roadways, Inc.	\$383,641.00

AND WHEREAS, it appears that T. A. Schifsky & Sons, Inc. of North St. Paul, Minnesota is the lowest responsible bidder;

AND WHEREAS, the City accepts the bid proposal in the amount of \$323,239.93;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF EAST BETHEL, MINNESOTA THAT:

1. The Mayor and City Administrator are hereby authorized and directed to enter into a contract with T. A. Schifsky & Sons, Inc. of North St. Paul, Minnesota in the name of the City of East Bethel for the 2023 Street Surface Improvement Project, according to the plans and specifications therefore approved by the City Council and on file in the office of the City Clerk.

2. The City Engineer is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed.

Adopted this 12th day of June, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Tim Harrington, Mayor

ATTEST:

Jack Davis, City Administrator

2023-2024 Liquor License Renewal List
For approval at the [June 12, 2023](#) City Council Meeting

NAME OF BUSINESS/ TRADE NAME	LICENSEE	ADDRESS
BLUE RIBBON PINES DISC GOLF CLUB	BLUE RIBBON PINES, INC	1901 KLONDIKE DRIVE NE
COOPER'S CORNER LIQUOR	MILLE LACS OIL CO.	23733 HIGHWAY 65 NE
E.J.'S BOTTLE SHOP & BAR	E.J.'S INC.	4832 VIKING BLVD NE
EMAGINE EAST BETHEL	NORTHWOODS ENTERTAINMENT LLC	18635 ULYSSES ST NE
GO FOR IT	VIKING ARCO C-STORE INC	3255 VIKING BLVD NE
HIDDEN HAVEN COUNTRY CLUB	JALA CONTRACTING INC.	20520 POLK ST NE
THE MOONSHINE WHISKEY	SKYOTA PROPERTIES #2 LLC	21383 ULYSSES ST NE
ROUTE 65 DISCOUNT LIQUORS	ROUTE 65 DISCOUNT LIQUORS INC.	18453 HIGHWAY 65 NE
ROUTE 65 PUB & GRUB	SLAW INDUSTRIES INC.	18407 HIGHWAY 65 NE
SMOKEY'S PUB N' GRILL	LRH GROUP INC.	552 LINCOLN DRIVE NE
VIKING MEADOWS GOLF CLUB	VIKING MEADOWS INC.	1788 VIKING BLVD NE
WAYNE'S LIQUOR	MOONS LIQUOR INC.	21340 ABERDEEN ST NE
SNAK ATAK #4	BETHEL LIQUOR LLC	23733 HIGHWAY 65 NE

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION 2023-42

**APPROVING APPLICATION FOR A TEMPORARY LIQUOR LICENSE FOR
CEDAR-EAST BETHEL LIONS CLUB FOR BOOSTER DAY 2023**

WHEREAS, the Cedar East Bethel Lions, a nonprofit organization, has made application for a Temporary On-Sale Liquor License for the use of their beer wagon at the 2023 East Bethel Booster Day event to be held on Saturday, July 15, 2023 at Booster East Park, 22266 Palisade St NE, East Bethel, MN 55011; and

WHEREAS, section 6-64 of the East Bethel Code of Ordinances restricts the purchase and consumption of 3.2 malt liquor or intoxicating liquor in any place of public gathering in the City, but allows the city council to waive this restriction when it finds that to do so appears in the interest of the public.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF EAST BETHEL, MINNESOTA that the application from the Cedar East Bethel Lions for a Temporary On-Sale Liquor License for the 2023 Booster Day event on Saturday, July 15, 2023 at Booster East Park, 22266 Palisade St NE, East Bethel, MN 55011 is approved.

Adopted this 12th day of June, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Tim Harrington, Mayor

ATTEST:

Jack Davis, City Administrator

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION 2023-44

**APPROVING TEMPORARY LIQUOR SALES IN BOOSTER PARK FOR
ROUTE 65 PUB & GRUB FOR BOOSTER DAY 2023**

WHEREAS, the Route 65 Pub & Grub, has made a vendor application for food and liquor sales from the use of their catering license/food truck at the 2022 East Bethel Booster Day event to be held on Saturday, July 15, 2023 at Booster East Park, 22266 Palisade St NE, East Bethel, MN 55011; and

WHEREAS, section 6-64 of the East Bethel Code of Ordinances restricts the purchase and consumption of 3.2 malt liquor or intoxicating liquor in any place of public gathering in the City, but allows the city council to waive this restriction when it finds that to do so appears in the interest of the public.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF EAST BETHEL, MINNESOTA that the restriction of liquor sales in Booster Park shall be waived for Route 65 Pub & Grub for the 2023 Booster Day event on Saturday, July 15, 2023 at Booster East Park, 22266 Palisade St NE, East Bethel, MN 55011.

Adopted this 12th day of June, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Tim Harrington, Mayor

ATTEST:

Jack Davis, City Administrator

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION 2023-45

**RESOLUTION APPROVING APPLICATION FOR A RAFFLE PERMIT FOR
EAST BETHEL BOOSTER DAYS INC**

WHEREAS, East Bethel Booster Days Inc has made application for a gambling permit for a raffle to be held on Saturday, July 15, 2023 at the 2023 Booster Day event in Booster East Park, 22266 Palisade Street NE, East Bethel, MN 55011.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF EAST BETHEL, MINNESOTA that the gambling permit application for the East Bethel Booster Days Inc for a raffle to be held on Saturday, July 15, 2023 at the 2023 Booster Day event in Booster East Park, 22266 Palisade Street NE, East Bethel, MN 55011 is approved with no waiting period.

Adopted this 12th day of June, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Tim Harrington, Mayor

ATTEST:

Jack Davis, City Administrator

**City of East Bethel
City Council Meeting
Agenda Item Information**



Date: June 12, 2023

Agenda Item Number: Item 8.0 C.1

Agenda Item: Review of the new Cannabis Legislation

Background Information:

City Attorney Eric Larson will review the provisions HF100A Bill which contains the rules and regulations for license issuance for a cannabis business. The effective date of the most of the recently passed cannabis legislation is August 1, 2023. Before this date, cities need to take action on where, when and how these types of businesses can operate within the municipality.

Mr. Larsen will review:

- What options do cities have for regulation
- What obligations do cities have under Cannabis Bill HF 100A
- Does the Cannabis Bill only create new laws for Cannabis businesses or do cities have to amend or adopt other ordinance or policies

Recommendation: Presentation and discussion item as to means for response to this legislation.

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

**City of East Bethel
City Council Meeting
Agenda Item Information**



Date: June 12, 2023

Agenda Item Number: Item 9.0 D

Agenda Item: Closed Session, Purchase or Sale of Real Property Minn. Statute § 13D.0 subd. 3(c).

Background Information:

Recommendation(s):

Consider a closed session for discussion of an easement acquisition for the University Ave Street Reconstruction Project.