

City of East Bethel
Special City Council Meeting Agenda
Date: August 7, 2023 at 6:30 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)

Item

- 1.0 Call to Order**
- 2.0 Adopt Agenda**
- 3.0 Conditional Use Permit Amendment - Nexus (p. 2-17)**
- 4.0 Nexus PILOT Agreement (p. 18-38)**
- 5.0 Adjourn**

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



Date: August 7, 2023

Agenda Item Number: 3.0

Agenda Item: Conditional Use Permit (CUP) Amendment – NEXUS – 900 189th Ave NE

Background Information:

On August 1st, 2018 the East Bethel City Council approved a Conditional Use Permit (CUP) for the operation of a Psychiatric Residential Treatment Facility (PRTF) at 900 189th Ave NE. The facility was operated briefly by Cambia Hills until closing in 2021. Nexus Diversified Community Services, a licensed operator for youth psychiatric residential treatment, intends on purchasing and reopening the facility continuing the previous service provided by Cambia Hills.

Zoning

The property is Zoned Single Family and Townhome Residential (R-2) District in which Licensed Residential Care Facility is permitted by ordinance as a Conditional Use.

Statute

According to Minn. Stat. § 462.3595, Subd. 3. A conditional use permit is a property right that “runs with the land.” That is, it attaches to and benefits the land and is not limited to a particular landowner. State statute says a conditional use permit remains in effect as long as the landowner continues to meet the conditions agreed upon.

Ordinance

According to East Bethel Ord. Appendix A, Sec 04, Sub. 9, I. Holders of a CUP or IUP may propose amendments to the permit at any time following the procedures for a new permit set forth in this chapter. No significant changes in the circumstances or the scope of the permitted uses shall be undertaken without approval of those amendments by the city council. The city shall determine what constitutes significant change. Significant changes include, but are not limited to, hours of operation, number of employees, expansion of structures and/or premises, and operational modifications resulting in increased external activities and traffic, and the like. The planning commission may recommend and the city council may approve significant changes and modifications to CUPs or IUPs, including the application of additional or revised conditions.

NEXUS is proposing changes to the conditions which constitute changes that require amendment from the CUP that was approved relative to the Cambia Hills operation.

CUP

The conditions of the Cambia CUP contain language no longer relevant to the property and are identified as follows:

1. The CUP is only for the 60 bed Cambia Hills Project and is subject to all licensure requirements with the MN Dept. of Health and Human Services as a Psychiatric Residential Treatment Facility Medicaid Certification/Supervised Living Facility Licensure, and subject to all of the licensing requirements as stipulated by MN Dept. of Health.

2. Any expansion of the facility beyond the 60 beds to the maximum 72 beds will require an amendment to the CUP.
3. Cambia Hills will be required to provide the City with a copy of their licensure with the MN Department of Health and Human Services on an annual basis.
4. Cambia Hills will be required to provide a copy to the City, the Anoka County Sheriff's Department, East Bethel Fire Department Safety and E911 plans for the facility.
5. Cambia Hills will be required to enter into a Developer's agreement with the City.
6. Cambia Hills will be required to enter into a Payment in Lieu of Taxes (PILOT) agreement with the City that would commence for pay 2020 taxes.

NEXUS is proposing to amend the CUP with the following:

1. A change from 60 to 40 beds and the age range as indicated on Nexus' license application.
2. A change in client demographic from a range of 6 - 17 years to an age range of 10 -19 years of age.
3. A "Supervised Living Facility" license is named specifically in the previous CUP which is not required by the Minnesota Department of Health.
4. Entering into a new Developers Agreement is unnecessary as the facility has been constructed and all requirements have been met.

Planning Commission:

On 7/25/2023 the Planning Commission held a Public Hearing regarding the CUP request. The only public comment received was a written letter of support from Our Savior's Lutheran Church. After discussion regarding two potential additions to the proposed conditions, the members of the Planning Commission voted 4-1 recommending approval of Resolution 2023-54.

Recommendation:

Staff and the Planning Commission request that the city council review the Conditional Use Permit for Nexus and consider approval of Resolution 2023-54, as exhibited in Attachment 1, for the property located at 900 189th NE, East Bethel, MN; PIN 31-33-23-11-0001.

Attachments:

1. Resolution 2023-54, Approving a CUPA
2. Conditional Use Permit Agreement.
3. Aerial Map
4. Applicant's Letter
5. Resolution 2018-42, Approving a Project by Cambia Hills of East Bethel, LLC.

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

**CITY OF EAST BETHEL
COUNTY OF ANOKA
STATE OF MINNESOTA**

RESOLUTION NO. 2023-54

A RESOLUTION APPROVING A CONDITIONAL USE PERMIT AMENDMENT TO ALLOW FOR A REDUCTION IN BEDS FROM 60 – 40, A DEMOGRAPHICS CHANGE IN AGE RANGE FROM 6 – 17 YEARS OF AGE TO 10-19 YEARS OF AGE, THE REMOVAL OF “SUPERVISED LIVING FACILITY” LICENSING REQUIREMENT AND THE REQUIREMENT OF THE NEW OWNER TO ENTER INTO A DEVELOPERS AGREEMENT FOR THE PROPERTY LOCATION AT 900 189TH AVENUE NE, PIN 31-33-23-11-0001, EAST BETHEL, MN, ANOKA COUNTY.

WHEREAS, on August 1, 2018 City Council approved the original conditional use permit to allow for the operation of a psychiatric residential treatment facility located at 900 189th Avenue NE, Cedar, Minnesota on the real property in Anoka County, Minnesota.; and

WHEREAS, NEXUS Diversified Community Services (NEXUS) requested approval of a conditional use permit amendment to reduce the number of beds from 60 to 40; and

WHEREAS, NEXUS requested approval of a conditional use permit amendment to the demographic client age range from 6-17 years of age to 10-19 years of age; and

WHEREAS, NEXUS requested approval of a conditional use permit amendment to remove the identification license requirement of a Supervised Living Facility; and

WHEREAS, NEXUS requested approval of a conditional use permit amendment to remove the requirement of entering into a Developers Agreement; and

WHEREAS, City staff reviewed the request and determined the conditional use permit amendments will not be detrimental to the health, environment or safety of the community; and

WHEREAS, on July 25, 2023, a public hearing for the conditional use permit amendment was held at the Planning Commission meeting; and

WHEREAS, the Planning Commission reviewed the amendment request; and

WHEREAS, as a result of the review, the Planning Commission recommends approval to City Council of the conditional use permit amendment.

NOW, THEREFORE, BE IT RESOLVED, that the East Bethel City Council approves the conditional use permit amendment with the following conditions:

1. The CUP is only for the 40 bed facility and is subject to all licensure requirements with the MN Dept. of Health and Human Services as a Psychiatric Residential Treatment Facility Medicaid Certification and subject to all of the licensing requirements as stipulated by MN

- Department of Health.
2. No conversion to a Minnesota Department of Corrections licensed facility will be permitted.
 3. Any expansion of the facility beyond the 40 beds to the maximum 72 beds will require an amendment to the CUP.
 4. Any change in the current client demographic or status of clients served by this facility relative to the court system will require an amendment to the CUP.
 5. The owner or lessee will be required to provide the City with a copy of their licensure with the MN Department of Health and Human Services on an annual basis.
 6. The owner or lessee will be required to provide a copy to the City, the Anoka County Sheriff's Department, East Bethel Fire Department Safety and E911 plans for the facility.
 7. The owner will be required to follow any applicable items identified in the original Developer's agreement with the City.
 8. The owner will be required to enter into a Payment in Lieu of Taxes (PILOT) agreement with the City that would commence for payable 2024 taxes.
 9. The CUP for this facility shall be reviewed and inspected by the City on an annual basis.

Adopted this 7th day of August, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL:

Kevin Lewis, Mayor

ATTEST:

Jack Davis, City Administrator

CITY OF EAST BETHEL
ANOKA COUNTY, MINNESOTA
CONDITIONAL USE PERMIT (CUP)

CUP 2018-02

Dated: August 7th, 2023

Property Owner: Nexus Diversified Community Services
505 HWY 169 N. Suite 500
Plymouth, Minnesota 55441

Property Applicant: Nexus Diversified Community Services

Parcel Numbers: 31-33-23-11-0001

Parcel Location: 900 189TH AVE NE CEDAR, MN 55011

Legal Descriptions: UNPLATTED VILLAGE OF EAST BETHEL NE 1/4 OF NE
1/4 SEC 31, TWP 33 NORTH, RANGE 23 WEST -EX EASE
TO RURAL COOP --SUBJ TO RR RT OF WAY

Present Zoning District: SINGLE-FAMILY AND TOWNHOME
RESIDENTIAL (R-2) DISTRICT

CONDITIONAL USE PERMIT AMENDMENT (CUP): to allow the operation of a psychiatric residential treatment facility located at 900 189th Avenue NE, Cedar, Minnesota on the real property in Anoka County, Minnesota.

GENERAL DESCRIPTION

Nexus Diversified Community Services, 505 HWY 169 N. Suite 500, Plymouth Minnesota 5544, has the intent to reopen the 65,000 square foot, single story residential mental health treatment facility at 900 189th Ave NE Cedar, MN 55011, as Nexus East Bethel Family Healing (NEB). The facility consists of a 40 bed residential living quarters, treatment service areas for youth, classrooms, gymnasium and outdoor physical activity courtyards, a cafeteria & various other associated support infrastructure necessary for the inpatient behavioral health and educational programs that are provided by Nexus Family Healing. The facility would be for children, ages 10-19. To be eligible for admission, all the children must have conditions that will respond to treatment in three to nine months and be able to live safely in a congregate setting. This facility would serve medically directed youth only and no court adjudicated juveniles would be permitted at this location. The licensing for this facility is through the Minnesota Department of Health and Human Services and would be licensed as a Psychiatric Residential Treatment Facility Medicaid Certification Supervised Living Facility.

PLANNING COMMISSION ACTION

On July 24, 2018, the Planning Commission heard the request for a Conditional Use Permit to allow the operation of a psychiatric residential treatment facility located at 900 189th Avenue NE, Cedar, Minnesota, on the real property in Anoka County, Minnesota. By a 7-0 vote, the Planning Commission approved a recommendation to City Council for consideration of this matter.

CITY COUNCIL ACTION

On August 1, 2018, the City Council approved the Conditional Use Permit (CUP) to allow the operation of a psychiatric residential treatment facility located at 900 189th Avenue NE, Cedar, Minnesota on the real property in Anoka County, Minnesota.

DECISION

The City Council hereby grants the CUP to allow the operation of a psychiatric residential treatment facility located at 900 189th Avenue NE, Cedar, Minnesota on the real property in Anoka County, Minnesota.

CONDITIONS AND REQUIREMENTS

The granting of a (CUP) Conditional Use Permit for the operation of a psychiatric residential treatment facility located at 900 189th Avenue NE, Cedar, Minnesota on the real property in Anoka County, Minnesota, is subject to the following conditions:

1. The CUP is only for the 40 bed facility and is subject to all licensure requirements with the MN Dept. of Health and Human Services as a Psychiatric Residential Treatment Facility Medicaid Certification and subject to all of the licensing requirements as stipulated by MN Dept. of Health.
2. No conversion to a Minnesota Department of Corrections licensed facility will be permitted.
3. Any expansion of the facility beyond the 40 beds to the maximum 72 beds will require an amendment to the CUP.
4. Any change in the current client demographic or status of clients system served by this facility relative to the court will require an amendment to the CUP.
5. The owner or lessee will be required to provide the City with a copy of their licensure with the MN Department of Health and Human Services on an annual basis.
6. The owner or lessee will be required to provide a copy to the City, the Anoka County Sheriff's Department and East Bethel Fire Department Safety and E911 plans for the facility.
7. The owner will be required to follow any applicable items identified in the original Developer's Agreement with the City.
8. The owner will be required to enter into a Payment in Lieu of Taxes (PILOT) agreement with the City that would commence for payable 2024 taxes.
9. The CUP for this facility shall be reviewed and inspected by the City on an annual basis.

ACCEPTANCE

IN WITNESS WHEREOF, the parties have executed this Conditional Use Permit and the owners and lessees acknowledge their acceptance of the above conditions.

Dated, _____ day of _____, 2023.

CITY OF EAST BETHEL

By: _____
Kevin Lewis, Mayor

Jack Davis, City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

On this _____ day of _____, 2023, before me a notary public, personally appeared Kevin Lewis and Jack Davis, the Mayor and City Administrator of the City of East Bethel, a municipal corporation under the laws of the State of Minnesota, who signed the foregoing instrument and acknowledged said instrument to be the free act and deed of the City.

Notary Public

900 189th Ave NE - Aerial Map



1 inch equals 423 feet



-  Parcels
-  City Mask

REPORT TO EAST BETHEL CITY PLANNING COMMISSION

Amendment of Conditional Use Permit for
PRTF Facility at 900 189th North, Cedar, MN
July 17, 2023

Introduction

The property located at 900 189th North, Cedar, MN is zoned as a Single-Family and Townhome Residential “R-2” District, in which a residential treatment facility is designated as a Conditional Use. The property was briefly operated as a psychiatric residential treatment facility (“PRTF”) under a Conditional Use Permit (“CUP”). That facility closed for financial reasons in 2021 and the Nexus organization of affiliated Minnesota nonprofit tax-exempt entities (collectively: “Nexus”) now seeks to purchase the property for use as a PRTF. Nexus believes that its intended PRTF program is not sufficiently different from the program operated by its predecessor to legally require an amendment to the CUP but, in the spirit of cooperation and full disclosure, and not as a waiver, Nexus is participating in this application process.

Existing CUP

The existing CUP permits the operation of 60-bed residential mental health treatment facility with living quarters, treatment service areas, classrooms, gymnasium, and outdoor physical activity courtyards, a cafeteria, and other support infrastructure, to serve children ages 6 to 17 with a majority of those admitted to the program in the 10 to 12-year age group. The existing CUP describes the conditions for eligibility to the program as follows:

To be eligible for admission, all the children must have conditions that will respond to treatment in three to nine months and be able to live safely in a congregate setting. This facility would serve medically directed youth only and no court adjudicated juveniles would be permitted at this location.

The existing CUP provides that licensing be as follows:

The licensing for this facility is through the Minnesota Department of Health and Human Services and would be licensed as a Psychiatric Residential Treatment Facility Medicaid Certification Supervised Living Facility.

The existing CUP also provides a list of nine Conditions and Requirements.

Proposed Use of the Facility

Nexus’ use of the facility as a PRTF would be governed by the licensure that Nexus receives from the Minnesota Department of Human Services and the Minnesota Department of Health. Nexus has been approved to operate a 40-bed PRTF facility at the site serving male and female youth ages 10 to 19 years. All of the nine conditions and requirements listed on

the existing CUP are acceptable to Nexus insofar as they are currently applicable to the operation of a PRTF at the facility. Residents of the Nexus PRTF would be medically directed, and no court adjudicated youth would be admitted to the program.

Change of Nominal Age Range

The change in the stated age range of the PRTF program that Nexus would operate at the facility reflects the practical application of State licensing and federal funding of PRTF programs rather than a proposed change in the demographics of the treatment population at the facility.

By law, younger children are not allowed to be housed with older teens. There is another PRTF provider that treats young children in Minnesota and there is currently not enough Minnesota children under the age of 10 in need of PRTF-level treatment for Nexus to economically operate a separate young children's unit at the facility. As a result, , Nexus did not request licensing to serve children younger than 10 years of age.

The usual age of high school graduation is 18. Youth who require PRTF-level treatment are often delayed in their education and, therefore, are often unable to graduate by the time that they turn 18. The system of Federal and State funding of PRTF programs recognizes this fact and allows youth to stay in treatment after turning 18 as long as they are actively pursuing their high school degree. Nexus' licensing reflects the possibility that some of its PRTF residents may need additional time to complete their high school education. Those residents will be allowed to stay in treatment. However, no youth who are already 18 or older will be admitted to the PRTF program, and no youth 18 or over would be allowed to stay in the facility after having received a high school diploma or GED or after discontinuing their efforts to acquire them.

Inapplicable Conditions and Requirements.

Two of the Conditions and Requirements listed on the existing CUP are no longer applicable:

1. The Condition described at paragraph 1 which requires a "Supervised Living Facility License"; and
2. The Condition described at paragraph 7 which requires *the entry into a "Developer's agreement with the City"*.

The Minnesota Department of Health does not currently require a Supervised Living Facility License for the operation of a PRTF. Because of this, the requirement of a Supervised Living Facility License should be deleted from the CUP. Any future changes in the Health Department's licensing requirements would be covered by the existing general language of paragraph 1.

Similarly, the requirement of entry into a development agreement is no longer applicable. Such an agreement was entered into by the original operator and the City, and the agreement has been recorded in the chain of title to the property. Therefore, to the extent that the Development Agreement pertains to subsequent owners of the property, Nexus is bound by it. The Conditions should be revised to require such compliance with the Developer's agreement.

RESOLUTION NO. 2018-42

**RESOLUTION GIVING APPROVAL TO A PROJECT BY CAMBIA
HILLS OF EAST BETHEL, LLC**

BE IT RESOLVED, by the City Council of the City of East Bethel, Anoka County, Minnesota (the “City”), as follows:

Section 1. General Recitals. The City makes the following recitals of fact:

1.01 Cambia Hills of East Bethel, LLC, a Minnesota nonprofit limited liability company, or an affiliate thereof (the “Borrower”), the sole member of which is The Hills Youth and Family Services, a Minnesota nonprofit corporation and tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), located at 4321 Allendale Avenue, Duluth, Minnesota, has proposed the issuance of revenue obligations, in one or more series, in an amount not to exceed \$31,500,000 (the “Obligations”) by the Duluth Economic Development Authority (the “Issuer”), to finance the construction and equipping of an approximately 72,000 square foot facility comprised of a 60 bed psychiatric residential treatment facility that will include 10 classrooms, to be located at 900 - 189th Avenue NE in the City, which will be operated by the Borrower (the “Project”), and paying costs associated with the financing.

1.02 The Borrower desires to finance the Project through the issuance of the Obligations of the Issuer, and the Issuer has agreed to issue the Obligations.

1.03 The Borrower has requested that the City cooperate by consenting to the issuance of the Obligations by the Issuer.

1.04 Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel (“Bond Counsel”) has advised the City as follows:

(a) The legal authority for the issuance of the Obligations is Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the “Act”).

(b) In order for interest on the Obligations to be exempt from federal income taxation, the tax-exempt bond rules of the Internal Revenue Code of 1986, as amended, require that each jurisdiction in which the Project is located must hold a public hearing on the Project and approve the issuance of the Obligations.

(c) In order for the Obligations to be legally issued by the Issuer, Minnesota State law (Minnesota Statutes, Section 471.656) requires that the City consent to the issuance of the Obligations by the Issuer.

Section 2. Public Hearing Held.

2.01 A Notice of Public Hearing was published in the *Anoka County Union Herald*, the City’s official newspaper and a newspaper of general circulation, calling a

public hearing on the proposed issuance of the Obligations and the proposal to undertake and finance the Project. Publication of the Notice of Public Hearing is ratified and approved.

2.02 The City Council has, on September 5, 2018, held a public hearing on the proposed issuance of the Obligations and the proposal to undertake and finance the Project, at which all those appearing who desired to speak were heard and written comments were accepted.

Section 3. Recital of Representations Made by the Borrower.

3.01 The City has been advised by representatives of the Borrower that: (i) conventional financing is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced; (ii) on the basis of information submitted to the City Council by the Borrower and their discussions with representatives of area financial institutions and potential buyers of tax-exempt bonds, the Obligations could be issued and sold upon favorable rates and terms to finance the Project; (iii) the Borrower will experience a significant debt service cost savings as a result of the Project; and (iv) the Project would not be undertaken in its present form but for the availability of financing under the Act.

3.02 The Borrower has agreed to pay any and all costs incurred by the City in connection with the issuance of the Obligations, whether or not such issuance is carried to completion.

3.03 The Borrower has represented to the City that no public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

Section 4. Findings. It is found, determined and declared as follows:

4.01 The welfare of the State and the City requires the provision of necessary health care facilities so that adequate health care services are available to residents of the State and the City at reasonable cost.

4.02 The City desires to facilitate the selective development of the community and help to provide the range of services and employment opportunities required by the population. The Project will assist the City in achieving those objectives and enhance the image and reputation of the community.

4.03 On the basis of information made available to the City Council by the Borrower it appears that: (1) the Project constitutes properties, real and personal, used or useful in connection with a revenue producing enterprise engaged in providing health care services within the meaning of Subdivision 2(d) of Section 469.153 of the Act; (2) the Project furthers the purposes stated in Section 469.152 of the Act; (3) the Project would not be undertaken but for the availability of financing under the Act and the willingness of the Issuer to furnish such financing; and (4) the effect of the Project, if undertaken, will be to: (i) encourage the development of economically sound industry and commerce, (ii)

assist in the prevention of the emergence of blighted and marginal land, (iii) help prevent chronic unemployment, (iv) provide the range of service and employment opportunities required by the population, (v) help prevent the movement of talented and educated persons out of the State and to areas within the State where their services may not be as effectively used, (vi) promote more intensive development and appropriate use of land within the Issuer, eventually to increase the tax base of the community, and (vii) provide adequate health care services to residents of the Issuer at a reasonable cost.

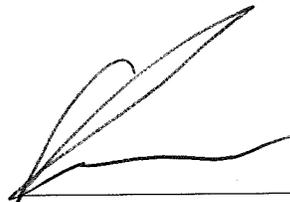
Section 5. Approval.

5.01 The City consents to the financing of the Project and approves the issuance of the Obligations by the Issuer, subject to the approval of the Project by the Department of Employment and Economic Development of the State.

5.02 The Authorized Officers are authorized and directed to execute and deliver such other documents or certificates needed from the City for the sale of the Obligations.

Section 6. Nature of the Obligations. The Obligations, when and if issued for the Project, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City. (There will, however, be a charge, lien or encumbrance on the Project, which is not an asset of the City.) The Obligations, when and if issued, shall recite in substance that the Obligations and the interest thereon, are payable solely from revenues received from the Project and property pledged for payment thereof, and shall not constitute a debt of the City.

Adopted: September 5, 2018

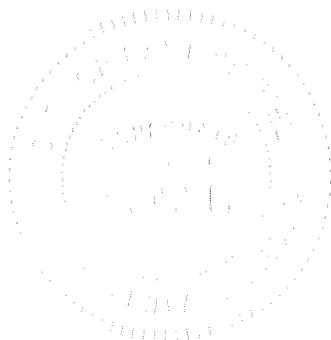


Mayor

Attest:



City Administrator



EXTRACT OF MINUTES OF A REGULAR MEETING OF THE
CITY COUNCIL OF THE
CITY OF EAST BETHEL, MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of East Bethel, Minnesota, was duly called and held at the City Hall located at 2241 – 221st Avenue NE, East Bethel, Minnesota, on Wednesday, September 5, 2018, at 7:00 p.m.

The following members were present: Voss, Harrington, Mundle, Plaisance, Ronning
and the following members were absent: (none)

MOTION: Member Plaisance moved to adopt Resolution No. 2018-42, entitled “Resolution Giving Approval to a Project by Cambia Hills of East Bethel, LLC”

SECOND: Member Harrington

RESULT: On a roll call vote the motion was carried.

Ayes: Voss, Harrington, Mundle, Plaisance, Ronning
Nays: (none)
Not Voting: (none)
Absent: (none)

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



Date: August 7, 2023

Agenda Item Number: 4.0

Agenda Item: Resolution 2023–56, Payment In Lieu Of Taxes (PILOT) Agreement - Nexus Diversified Community Services

Background Material:

The vote for the City’s participation in the conduit bond financing for Nexus was approved at the July 24, 2023 City Council Meeting pending approval of a Payment In Lieu Of Taxes (PILOT) Agreement along with an amended Conditional Use Permit (CUP). These items will be/were considered separately with the amended CUP condition addressed as item 3.0 on the agenda for City Council Special Meeting for August 7, 2023.

Nexus has agreed to enter into a PILOT Agreement (Attachment 2) with the City and pay \$24,000 per year with an annual 2.5% increase in payments regardless of their revenues. This agreement would replace the previous Cambia payment formula, be specific to the Nexus operation and cover the City’s cost for services to this property. This would be approximately a 500% increase over the payment that was to be received from Cambia Hills.

The \$24,000 payment is in line with the tax scenarios that are exhibited in Attachment 4, scenarios 1 and 2. This payment would cover the costs of public works, law enforcement, fire and other supporting city services that were experienced with the operation of Cambia Hills during their operation between April 1, 2020 and May 1, 2021 (Attachment 6).

Attachment(s):

- Attachment 1 – Resolution 2023-XX
- Attachment 2 – PILOT Agreement
- Attachment 3 – Cambia Hills PILOT Agreement
- Attachment 4 – Tax Scenario Tables from the Anoka County Assessor
- Attachment 5 - Tax Scenario Report
- Attachment 6 – Annual City Costs for Services – Nexus

Recommendation (s):

City Council is requested to approve Resolution 2023–56, A RESOLUTION APPROVING A PAYMENT IN LIEU OF TAXES (PILOT) AGREEMENT WITH NEXUS DIVERSIFIED COMMUNITY SERVICES FOR THE PROPERTY LOCATION AT 900 189TH AVENUE NE, PIN 31-33-23-11-0001, EAST BETHEL, MN, ANOKA COUNTY, as exhibited in Attachment 1.

City Council Action:

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

**CITY OF EAST BETHEL
COUNTY OF ANOKA
STATE OF MINNESOTA**

RESOLUTION NO. 2023-56

A RESOLUTION APPROVING A PAYMENT IN LIEU OF TAXES (PILOT) AGREEMENT WITH NEXUS DIVERSIFIED COMMUNITY SERVICES FOR THE PROPERTY LOCATION AT 900 189TH AVENUE NE, PIN 31-33-23-11-0001, EAST BETHEL, MN, ANOKA COUNTY.

WHEREAS, on September 19, 2018 City Council approved a Payment in Lieu of Taxes Agreement (PILOT) with the Cambia Hills of East Bethel, LLC (Cambia Hills), the tax exempt owner and operator of a Psychiatric Residential Treatment Facility, located at 900 189th Avenue NE, Cedar, Minnesota on the real property in Anoka County, Minnesota;

WHEREAS, Cambia Hills closed this facility and went into receivership in June, 2020;

WHEREAS, Nexus Diversified Community Services (Nexus), is in the process of purchasing the aforementioned property;

WHEREAS, Nexus is a non-profit corporation duly organized and existing under the laws of the State of Minnesota with tax exempt status for educational and treatment facilities under Minn. Stat. 272.02 subd. 5.;

WHEREAS, the City of East Bethel approved conduit bond financing for Nexus to use in the acquisition of the Cambia Hills facility with the condition that Nexus enter into a PILOT Agreement with the City;

WHEREAS, Nexus has agreed to make certain payments directly to the City in lieu of real property taxes for entire property and facilities located on the property owned and possessed by Nexus and its affiliates, located at 900 189th Avenue NE, Cedar, East Bethel, MN 550011, presently zoned single family and townhome residential (R-2) district;

WHEREAS, a PILOT Agreement for payment in lieu of real property taxes at 900 189th Avenue NE, Cedar, East Bethel, MN 550011, will be executed and recorded;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of East Bethel approves Resolution 2023 – 56, A Resolution Approving a Payment in Lieu of Taxes Agreement with Nexus Diversified Community Services, PIN 31-33-23-11-001, at 900 189th Ave, NE, East Bethel, MN.

Adopted this 7th day of August, 2023 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL:

Kevin Lewis, Mayor

ATTEST:

Jack Davis, City Administrator

**AGREEMENT FOR PAYMENT IN LIEU OF REAL PROPERTY TAXES
at 900 189th Avenue NE, Cedar, East Bethel, MN 550011**

THIS AGREEMENT IS FOR PAYMENT IN LIEU OF REAL PROPERTY TAXES (this "Agreement") was entered into and effective as of the ____ day August, 2023 ("Effective Date") by and between the City of East Bethel, a municipal corporation under the laws of the State of Minnesota (the "City") and Nexus Diversified Community Services, a Minnesota non-profit corporation (hereinafter referred to as "Nexus" or "Owner").

WITNESSETH:

WHEREAS, Nexus has agreed to make certain payments directly to the City in lieu of real property taxes for entire property and facilities located on the property owned by and possessed by Nexus and its affiliates, located at 900 189th Avenue NE, Cedar, East Bethel, MN 550011, presently zoned single family and townhome residential (R-2) district, a legal description of the property is attached hereto as Exhibit A (the "Property").

NOW, THEREFORE, in consideration of the premises and of the mutual promises and conditions hereinafter contained, it is hereby agreed as follows:

**ARTICLE I
REPRESENTATIONS**

Section 1.01. Representation by the City. The City makes the following representations as the basis for its undertakings herein:

- (a) The City is a municipal corporation duly organized and existing under the laws of the State of Minnesota.
- (b) The execution, delivery and performance of this Agreement by the City does not violate any agreement, law, rule, regulation or any court order or judgment in any litigation to which the City is a party or by which it is bound.
- (c) The City has been duly authorized to enter into this Agreement and to perform the terms hereof.

Section 1.02. Representations by the Nexus. The Nexus makes the following representations, warranties and covenants:

- (a) Owner is a non-profit corporation duly organized and existing under the laws of the State of Minnesota with tax exempt status for educational and treatment facilities under Minn. Stat. section 272.02, as amended.
- (b) There is no litigation pending, or to the best of its knowledge threatened, against the Nexus affecting its ability to carry out the terms of this Agreement.
- (c) Owner is the owner in fee of the land identified herein and has marketable title thereto and the legal right to enter into this Agreement.

**ARTICLE II
TAX EXEMPTION**

Section 2.01. Exempt Status. Nexus represents that it has or will apply for exemption for some or all of the real property taxation in accordance with applicable Minnesota law.

**ARTICLE III
PAYMENT**

Section 3.01. Computation of Payment. Payment in Lieu of Taxes or "PILOT" means an annual payment by the Owner to City in the amount of \$24,000.00 for taxes payable in 2023 and increasing 2.5% per annum as of January 1st of each year, beginning January 1, 2024 and every

year thereafter (the PILOT Amount), as a payment in lieu of the payment of real estate taxes that would have otherwise been due and payable to the County if the Property were not tax exempt. If the Property is not tax exempt, in whole or in part, for any given assessment year, the Owner shall pay the higher of (i) the actual assessed taxes on the Property, or (ii) the PILOT Amount. The City is not obligated to invoice Nexus for the PILOT Amount.

Commencing as of the Effective Date, and for so long as the Property are tax exempt, Owner agrees to pay to the City the PILOT Amount in two installments due on or before May 15 and October 15 each year. For the first year, Owner agrees to pay the City a prorated portion of the PILOT Amount in an amount equal to the PILOT Amount multiplied by a fraction, the numerator of which equals the number of days remaining in the calendar year of the Effective Date, and the denominator of which equals 365. Owner's obligations to pay the annual PILOT Amount to the City shall continue and remain in effect so long as (a) Owner or an Affiliate or a successor-in-interest owns the Property, and (b) the entire Property is exempt from payment of real estate taxes.

In addition to all the remedies available to the City, in the event of a default by Owner, Owner agrees that City may certify as an assessment against such portion of the Property as may be delinquent pursuant to Minnesota Statutes Chapter 429 any unpaid PILOT Amount with accrued interest, late fees and penalties if said PILOT Amount remains unpaid on November 1st of any year. Owner further agrees to waive any notice or appeal rights set out in Minnesota Statutes Chapter 429, however, City agrees to give Owner thirty (30) days written notice of its intention to certify any non-payment as an assessment and permit Owner the opportunity to cure the default during said thirty (30) day period. This waiver is not applicable to Owner's obligation to pay and/or right to receive notice and challenge special assessments for public improvements.

Section 3.2. Additional Provisions. Notwithstanding the foregoing the following provisions may apply to negate a payment to the City in any subsequent year in which either or any of them occur:

- The PILOT program would end should the property described in Exhibit A become fully taxable and pay a real estate tax to the County as a result thereof.

ARTICLE IV **MISCELLANEOUS**

Section 4.01. Governing Law. The parties agree that this Agreement shall be governed and construed in accordance with the laws of the State of Minnesota.

Section 4.02. Time is of the Essence. Time shall be of the essence of this Agreement.

Section 4.03. Counterparts. If this Agreement is executed by any number of counterparts, each which shall be an original, but all of which shall constitute one in the same instrument.

Section 4.04. Interpretation; Severability. If any one or more of the provisions, sentences, phrases or words of this Agreement or any application thereof shall be held or determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining phrases, sentences, phrases or words of this Agreement and any other application thereof shall in no way be affected or impaired and shall remain in full force and effect.

Section 4.05. Successors and Assigns. This Agreement is binding on and inures to the benefit of the successors and assigns of the parties hereto.

Section 4.06. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to the following address:

The City: City of East Bethel
 Attn: City Administrator
 221st Avenue NE
 East Bethel, Mn 55011

The Nexus: Nexus Diversified Community Services
Attn: Chief Executive Officer
505 Highway 169 North, Suite 500
Plymouth, MN 55441

or at such address as either party may, from time to time, designate in writing and forward to the other party.

Section 4.07. Arbitration. Any controversy or dispute, of whatever nature, between the Nexus and the City arising out of this Agreement shall be finally and conclusively settled by arbitration in accordance with the Minnesota Uniform Arbitration Act, Minn. Stat. Chapter 572, as amended. All questions as to the meaning of this Section 4 or as to the arbitrability of any dispute shall be resolved by the arbitrators, and their decision on such questions shall be final and binding and not subject to judicial review, except to the extent provided in the Minnesota Uniform Arbitration Act.

Section 4.08. Termination. The term of this Agreement shall commence on the effective date hereof, and shall remain in full force and effect until the effective date that the Exempt Property ceases to be exempt from real property taxation.

Section 4.09. Reasonableness. The parties agree that where any consent or approval is provided for this Agreement, each will give reasonable consideration to all factors affecting such consent or approval and such consent or approval will not be unreasonably withheld or delayed.

Section 4.10. Recordation. Either party hereto may record this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on or as of the day and year first written above.

THE CITY OF EAST BETHEL

By: _____
Jack Davis, City Administrator

By: _____
Kevin Lewis, Mayor

State of Minnesota
County of Anoka

Subscribed and sworn/affirmed to before me
this _____ day of _____, 2023, by
Kevin Lewis, Mayor and Jack Davis, City
Administrator.

Notary Public

Approved as to Form:

City Attorney

NEXUS DIVERSIFIED COMMUNITY SERVICES

By: _____
Michelle K. Murray
Its: President

State of Minnesota
County of Anoka

Subscribed and sworn/affirmed to before me
this _____ day of _____, 2023, by
Michelle K. Murray, as President of
Nexus Diversified Community Services.

Notary Public

This Instrument Drafted by:
Eckberg Lammers, P.C.
1809 Northwestern Avenue
Stillwater, MN 55082

Return to:

Eckberg Lammers, P.C.
Attn: Eric Larson
1809 Northwestern Avenue
Stillwater, MN 55082

EXHIBIT A

PID# 313323110001

UNPLATTED VILLAGE OF EAST BETHEL
NE 1/4 OF NE 1/4 SEC 31 33 23 -EX EASE TO RURAL COOP--SUBJ TO RR RT OF WAY

Return to:

**AGREEMENT FOR PAYMENT
FOR CITY SERVICES**

Item 4.0, Attachment 3

ECKBERG, LAMMERS PC
Attn: Mark J. Vierling
1809 Northwestern Avenue
Stillwater, Minnesota 55082
(651) 439-2878

AGREEMENT FOR PAYMENT
FOR CITY SERVICES

THIS AGREEMENT FOR PAYMENT FOR CITY SERVICES (this "Agreement") was made as of the _____ day of _____, 2018 by and between The City of East Bethel, a municipal corporation under the laws of the State of Minnesota (the "City") and Cambia Hills of East Bethel LLC, a Minnesota non-profit corporation (the "Developer").

WITNESSETH:

WHEREAS, the Developer has made application to the City for approval of a Conditional Use Permit for the use of Land within the city to conduct its operations (the "Land") within the corporate limits of the City; and

WHEREAS, a copy of a legal description of the Land is attached hereto as Exhibit A; and,

WHEREAS, a copy of the PILOT computation method is attached as Exhibit B; and

WHEREAS, a copy of the 2018 Anoka County Tax Statement for PIN 31-33-23-11-0001 is attached as Exhibit C; and,

WHEREAS, the Developer has agreed to make certain payments to the City in lieu of real property taxes affecting certain portions of the development (the "Development") that has been proposed by the Developer for the Land.

NOW, THEREFORE, in consideration of the premises and of the mutual promises and conditions hereinafter contained, it is hereby agreed as follows:

**ARTICLE I
REPRESENTATIONS, ETC.**

Section 1.01. Representation by the City. The City makes the following representations as the basis for its undertakings herein:

- (a) The City is a municipal corporation duly organized and existing under the laws of the State of Minnesota.
- (b) The execution, delivery and performance of this Agreement by the City does not violate any agreement, law, rule, regulation or any court order or judgment in any litigation to which the City is a party or by which it is bound.
- (c) The City has been duly authorized to enter into this Agreement and to perform the terms hereof.

Section 1.02. Representations by the Developer. The Developer makes the following representations, warranties and covenants:

- (a) The Developer is a non-profit corporation duly organized and existing under the laws of the State of **Minnesota** with tax exempt status for educational and treatment facilities under Minn. Stat. 272.02 subd. 5.,
- (b) There is no litigation pending, or to the best of its knowledge threatened, against the Developer affecting its ability to develop and operate the Development or to carry out the terms of this Agreement.
- (c) Developer is the owner in fee of the land identified herein and has marketable title thereto and the legal right to enter into this Agreement.

**ARTICLE II
TAX EXEMPTION**

Section 2.01. Exempt Status. The Developer shall have the right, at any future time, following construction of portions of the Development, to apply for exemption for some or all of the Development from real property taxation in accordance with applicable Minnesota law, and the City agrees to acquiesce in such application, providing the Developer is not then in default hereunder.

**ARTICLE III
PAYMENT FOR CITY SERVICES**

Section 3.01. City Services. The City hereby agrees to provide the Developer with all of the services that it provides to property owners and the public in general within the City limits, including without limitation police

Section 3.02. Payment for Municipal Services. Commencing in 2020 and continuing for each calendar year in which no property taxes are payable with respect to any portion of the Development because of a granted exemption, the Developer shall make a payment in lieu of taxes to the City equal to the amount the City would have received if that portion of the Development inclusive of real estate and improvements thereto (the “Exempt Property”) were not exempt from property taxation and the market value of the Exempt Property was determined in accordance with the provisions hereof. Commencing in 2020 and for all subsequent years thereafter during the term of this agreement the Developer shall make a payment in lieu of taxes to the City equal to the amount the City and would have received if that portion of the Development inclusive of real estate and improvements thereto (the “Exempt Property”) were not exempt from property taxation and the market value of the Exempt Property as determined in accordance with the provisions hereof. The Developer and the City stipulate and agree that such amounts are fair compensation for the Municipal Services.

Section 3.03. Computation of Payment. Base PILOT Calculation Methodology: The base amount (2020 Pilot Payment) would be defined as the amount of 2019 City property tax that could be generated for PIN 31-33-23-11-0001 as if the parcel were split into three lots, the maximum division allowable for the current zoning of the property without City services. The calculation is presented in EXHIBIT “B”.

The computation shall be completed by the City for the each affected year by April 15th and calculated in accordance section 3.04 and invoiced no later than April 30 of that year. The payment shall be made in one installment due on June 30th of each year. In the event payment is not made when due, the Developer shall also pay penalties and interest computed as provided in Minnesota Statutes, as amended from time to time, for delinquent property tax payments.

The City and Developer have agreed to review this agreement following the 3rd year of its implementation. Unless the parties mutually agree otherwise to modify or dissolve the Agreement it will otherwise continue without revision.

Section 3.04. Legislative Changes. In the event the methods and procedures for determining property taxes are altered by the Minnesota State Legislature such that the methods and procedures set forth in this Agreement are no longer adequate to permit the parties to achieve the intent hereof as set forth in Section 3.02, the parties shall negotiate in good faith an amendment to this Agreement directed at producing a comparable result.

Section 3.5. Additional Provisions. Notwithstanding the foregoing the following provisions may apply to negate a payment to the city in any subsequent year in which either or any of them occur:

- HYFS will not be required to pay the PILOT in any year in which their revenues are less than 103% of actual expenses. This would be documented by IRS Tax Form 990 which is a public document to be supplied by the Developer to the City annually.
- Should the City issue Conditional Use Permits to any other non-profit healthcare providers without the requirement of a PILOT Agreement, this PILOT Agreement for Cambia Hills will end.
- The PILOT program would end should the property described in Exhibit A become fully taxable and pay a real estate tax to the City as a result thereof.

ARTICLE IV **MISCELLANEOUS**

Section 4.01. Governing Law. The parties agree that this Agreement shall be governed and construed in accordance with the laws of the State of Minnesota.

Section 4.02. Time is of the Essence. Time shall be of the essence of this Agreement.

Section 4.03. Counterparts. If this Agreement is executed by any number of counterparts, each which shall be an original, but all of which shall constitute one in the same instrument.

Section 4.04. Interpretation; Severability. If any one or more of the provisions, sentences, phrases or words of this Agreement or any application thereof shall be held or determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining phrases, sentences, phrases or words of this Agreement and any other application thereof shall in no way be affected or impaired and shall remain in full force and effect.

Section 4.05. Successors and Assigns. This Agreement is binding on and inures to the benefit of the successors and assigns of the parties hereto.

Section 4.06. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to the following address:

The City: City of East Bethel
Attn: City Administrator
221st Avenue NE
East Bethel, Mn 55011

The Developer: Cambia Hills of East Bethel LLC

or at such address as either party may, from time to time, designate in writing and forward to the other party.

Section 4.07. Arbitration. Any controversy or dispute, of whatever nature, between the Developer and the City arising out of this Agreement shall be finally and conclusively settled by arbitration in accordance with the Minnesota Uniform Arbitration Act, Minn. Stat. Chapter 572, as amended. Determinations of market value are not, however, subject to arbitration except where the parties have been unable to come to an agreement thereon under circumstances described in Section 3.07 hereof. All questions as to the meaning of this Section 4 or as to the arbitrability of any dispute shall be resolved by the arbitrators, and their decision on such questions shall be final and binding and not subject to judicial review, except to the extent provided in the Minnesota Uniform Arbitration Act.

Section 4.08. Termination. The term of this Agreement shall commence on the effective date hereof, and shall remain in full force and effect until the effective date that the Exempt Property ceases to be exempt from real property taxation.

Section 4.09. Reasonableness. The parties agree that where any consent or approval is provided for this Agreement, each will give reasonable consideration to all factors affecting such consent or approval and such consent or approval will not be unreasonably withheld or delayed.

Section 4.10. Recordation. Either party hereto may record this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on or as of the day and year first written above.

THE CITY OF EAST BETHEL

By: _____ By: _____
Jack Davis, City Administrator Brian Mundle, Acting Mayor

State of Minnesota
County of Anoka

Subscribed and sworn/affirmed to before me
this ___ day of ____, 2018 by Steven Voss,
Mayor and Jack Davis, City Administrator.

Notary Public

CAMBIA HILLS OF EAST BETHEL LLC

By: _____
Its _____

State of Minnesota
County of Anoka

Subscribed and sworn/affirmed to before me
this ___ day of ____, 2018 by _____.

Notary Public

Approved as to form:

Item 4.0, Attachment 3

Mark J Vierling
City Attorney

This Instrument Drafted By:
Mark J. Vierling
ECKBERG, LAMMERS PC
1809 Northwestern Avenue
Stillwater, Minnesota 55082

PID# 313323110001

UNPLATTED VILLAGE OF EAST BETHEL
NE1/4 OF NE1/4 SEC 31 33 23 -EX EASE TO RURAL COOP--SUBJ TO RR RT OF WAY-

PILOT 2020 – 2022 Calculation Method

The Hills Youth and Family Services will pay the City of East Bethel an annual payment in lieu of taxes by December 1, 2020; 2021 and 2022 in an amount to be calculated as follows:

For 2020 PILOT: The amount of City Property Tax due on PIN 31-33-23-11-0001 as stated on the Anoka County 2019 Tax Statement multiplied by three (the maximum number of residential lots that could be developed on the site without City services) multiplied by the change in valuation of City Property 2019-2020 as provided in the 2019 Pay 2020 Assessment Report prepared annually each April by the City Assessor = 2020 Payment In Lieu of Taxes not to exceed \$4,375.44 ¹⁾

$$\frac{2019 \text{ Taxes} \times 2019 - 2020 \text{ Valuation Change}}{3} = 2020 \text{ PILOT Payment}$$

(Not to exceed \$4,375.44)

For 2021 PILOT: PILOT payment not to exceed \$4,375.56 for 2020 on PIN 31-33-23-11-0001 multiplied by the change in valuation of City Property 2020-2021 as provided in the 2020 Pay 2021 Assessment Report prepared annually each April by the City Assessor. = 2021 Payment In Lieu of Taxes.

$$2020 \text{ PILOT} \times 2020 - 2021 \text{ Valuation Change} = 2021 \text{ PILOT Payment}$$

For 2022 PILOT: PILOT for 2021 on PIN 31-33-23-11-0001 multiplied by the change in valuation of City Property 2021-2022 as provided in the 2021 Pay 2022 Assessment Report prepared annually each April by the City Assessor = 2022 Payment In Lieu of Taxes.

$$\text{Pay 2021 Pilot} \times 2021 - 2022 \text{ Valuation Change} = 2022 \text{ PILOT Payment}$$

1.) Base PILOT Calculation Methodology: The base amount (2020 Pilot Payment) would be defined as the amount of 2019 City property tax that could be generated for PIN 31-33-23-11-0001 as if the parcel were split into three lots, the maximum division allowable for the current zoning of the property without City services*. This amount would be the 2018 City tax of \$1,305.46** multiplied by a valuation increase factor of 1.057***, an amount of \$1,379.83 per lot or \$4,138.49 for the parcel for 2019. The estimated PILOT payment for 2020 would then be the PILOT calculation for the parcel for 2019 multiplied again by an estimated valuation change of 1.057**** resulting in an estimated PILOT payment not to exceed \$4,435.44

* This assumes that this would be the highest developmental use that could be derived from this property if there were no city services provided and there was no sale to HYFS.

**Amount of City tax for PIN 31-33-23-11-0001 stated on the 2018 Anoka County Tax Statement

***The 2017 to 2018 City property valuation increase per the City Assessor's 2018 - 2019 Annual Assessment Report

****The valuation change for 2019 to 2020 could be subject to adjustment based on the City Assessor's report for the 2019 Pay 2020 Assessment but would not exceed a 5.7% increase in valuation.



Anoka County
 Attorney, Division Manager Property
 and Taxation 2100 3rd Avenue
 Anoka, MN 55303-2281
 (763) 323-5400
 www.anokacounty.us

Taxpayer(s): BUTLER GERALD J & JEANNINE
 18811 JACKSON ST NE
CEDAR MN 55011-0000

Property I.D.: 31-33-23-11-0001 REAL
Property Description: UNPLATTED VILLAGE OF EAST BETHEL NE1/4 OF
**NE1/4 SEC 31 33 23 -EX EASE TO
 RURAL COOP—
 SUBJ TO RR RT OF WAY-**

**18811 JACKSON ST NE
 EAST BETHEL MN
 55011-0000 TCA:
 31015- Acres: 40.00**

TAX STATEMENT		2018	
2017 Values for Taxes Payable in			
VALUES AND CLASSIFICATION			
	Taxes Payable Year:	2017	2018
Step 1	Estimated Market Value:	292,000	307,900
	Homestead Exclusion:	16,072	14,641
	Taxable Market Value:	275,928	293,259
	New Improvements/ Expired Exclusions:		
	Property Classification:	Res Hstd Rural Land	Res Hstd Rural Land
<i>Sent in March 2017</i>			
Step 2	PROPOSED TAX		
	2018 Proposed Property Tax:		\$3,100.90
<i>Sent in November 2017</i>			
Step 3	PROPERTY TAX STATEMENT		
	1st Half Taxes:		\$1,751.04
	2nd Half Taxes:		\$1,751.04
	Total Taxes Due in 2018:		\$3,502.08

\$\$\$ *You may be eligible for one or even two
 refunds to reduce your property tax.
 Read the back of this statement to
 find out how to apply.*

REFUNDS?

Taxes Payable Year:		2017	2018
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>		\$2,890.88
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	<input type="checkbox"/>	\$2,834.14	
Property Tax and Credits			
3. Property taxes before credits		\$3,497.35	\$3,518.95
4. Credits that reduce property taxes	A. Agricultural and rural land credits	\$0.00	\$40.89
	B. Other credits	\$0.00	\$0.00
5. Property taxes after credits		\$3,497.35	\$3,478.06
Property Tax by Jurisdiction			
6. County	A. General county levy	\$1,016.44	\$1,036.35
	B. Regional rail authority	\$22.13	\$21.65
7. County/municipal public safety system		\$11.92	\$14.25
8. City or town		\$1,302.87	\$1,305.46
9. State general tax		\$0.00	\$0.00
10. School district #15	A. Voter approved levies	\$455.43	\$407.58
	B. Other local levies	\$585.31	\$586.78
11. Special taxing districts	A. Metropolitan special taxing districts	\$36.78	\$37.96
	B. Other special taxing districts	\$34.15	\$36.72
	C. Tax increment	\$0.00	\$0.00
	D. Fiscal disparity	\$0.00	\$0.00
12. Non-school voter approved referenda levies		\$32.32	\$31.31
13. Total property tax before special assessments		\$3,497.35	\$3,478.06
Special Assessments			
14. Special assessments	A. Solid waste management charge	\$24.02	\$24.02
	B. All other special assessments	\$0.00	\$0.00
	C. Contamination tax	\$0.00	\$0.00
15. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS		\$3,521.37	\$3,502.08

2nd HALF PAYMENT STUB - PAYABLE 2018

Property I.D.: 31-33-23-11-0001 REAL

To avoid penalty, pay on or before October 15, 2018

Total Property Tax for 2018: \$3,502.08
\$1,751.04

Second-half payment due Oct 15:

Your taxes paid by: FREEDOM MORTGAGE

Please Include Property I.D. on Check

*Make Check Payable To: Anoka County
 2100 3rd Ave., ANOKA, MN 55303*

Check to indicate address correction on back

Your canceled check is your receipt. Do not send cash.

1st HALF PAYMENT STUB - PAYABLE 2018

Property I.D.: 31-33-23-11-0001 REAL

To avoid penalty, pay on or before May 15, 2018

If your tax is \$100.00 or less, pay the entire tax by May 15.

Your taxes paid by: FREEDOM MORTGAGE

Total Property Tax for 2018: \$3,502.08

\$1,751.04

First-half payment due May 15:

Please Include Property I.D. on Check

Make Check Payable To:

Anoka County
2100 3rd Ave., ANOKA, MN 55303

Your canceled check is your receipt. Do not send cash.

Check to indicate address correction on back

Nexus Scenarios

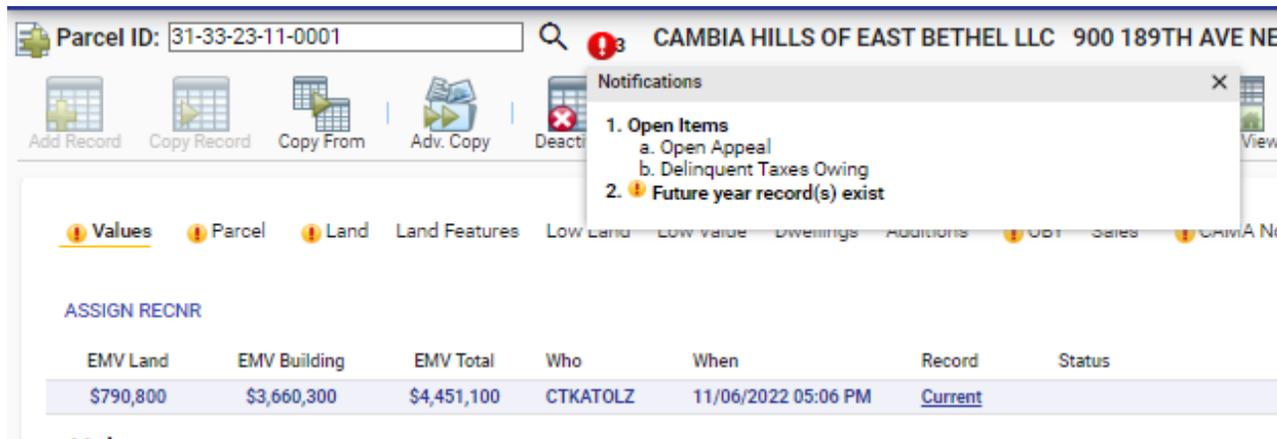
-Prepared for EB City Council-

2023 Assessed Market Value

\$4,451,100.00

Notes:

Decrease of 30% from prior year due to updates and obsolescence being added by Ken Tolzman in August of 2022 & November of 2022. See screenshot below.



	Total Tax Capacity	City Tax Rate	City Tax \$*	ISD 15 Tax Rate	School District Tax \$*
Scenario 1: All 3A Commercial using existing value**	\$ 88,272	31.761%	\$ 28,036.07	15.883%	\$ 17,283.78
Scenario 2: All 1A Residential using existing value**	\$ 54,389	31.761%	\$ 17,274.49	15.883%	\$ 11,209.14
Scenario 3: All 1A At Rural Res (3 Improved Lots @\$450K)***	\$ 13,500	31.761%	\$ 4,287.74	15.883%	\$ 3,134.03
Scenario 4: All 1A High Density RES (3/Ac or 75 Homes @\$356K)****	\$ 263,100	31.761%	\$ 83,563.19	15.883%	\$ 61,364.61

*Total Estimated Tax Based on Payable 2023 Rates and are Subject to change in the future. School District Tax also includes Referendum Tax which is not displayed above as it is a separate calculation.

**These scenarios are the most accurate estimates based on the current ownership and structure in place. These estimates indicate taxable use change with existing EMV.

***This scenario assumes an ownership change and complete demolition of existing structure, new plat approval, and fully developed lower density residential neighborhood. Given the current zoning and age of structure in place, analysis indicates the current use is its Highest and Best Use for appraisal purposes.

****This scenario assumes an ownership change and complete demolition of existing structure, new plat approval, and fully developed residential neighborhood. Given the current zoning and age of structure in place, analysis indicates the current use it its Highest and Best Use for appraisal purposes

Property Tax Scenarios for Nexus PILOT Agreement Consideration

Based on the R-1 zoning and no water or sewer service available to this site prior to sale to Cambia Hills, the property could have only been divided into lots that would have had a minimum density of 1 unit per 10 acres. This site, which is 37.37 acres in size, could have been divided into only 3 lots (includes the homestead lot). If the previous owner had chosen this option and if each of these three lots had a current estimated market value (land and improvements) of \$600,000 they would currently produce approximately \$1,906 (Valuation X Tax Classification X Tax Rate = City Tax) in city taxes per lot or **\$5,718** for the entire parcel. This development scenario would have followed the pattern of 10 acre lots that are the typical lot size along Jackson St between 189th and 181st Avenues. Prior to the sale of this property to Cambia Hills the 2019 estimated market value was \$368,400 and the city taxes payable were \$1,590.

The following property tax scenarios for 900 189th Ave were prepared by Alex Guggenberger, Anoka County Assessor and are reported and summarized in Attachment 4. As noted in his report, Scenarios 1 and 2 are the most accurate estimates based on the current ownership and structure in place:

- If this site had an all commercial classification as exhibited in Attachment 4 – Scenario 1, **\$28,036** would be generated in city property taxes for 2023 pay rates.
- If this site had an all residential classification as exhibited in Attachment 4 – Scenario 2, **\$17,274** would be generated in city property taxes for 2023 pay rates.
- If this site had an all rural residential classification as exhibited in Attachment 4 – Scenario 3, **\$4,288** would be generated in city property taxes for 2023 pay rates.
- If this site had a higher density residential tax classification as exhibited in Attachment 4 - Scenario 4, **\$83,563** in would generate in property taxes for 2023 pay rates. However, this scenario assumes an ownership change, complete demolition of the existing structure, new plat approval and the development of a residential neighborhood with 75 homes.

This property is not considered as a potential commercial site due to the following:

- It is located $\frac{3}{4}$ of a mile from and has no visibility from Hwy 65;
- It has a residential zoning designation and rezoning for commercial use would essentially be spot zoning and difficult to justify and support;
- It is accessed by Jackson Street which had a 2021 traffic count of 980 VPD and 189th Ave which had a count of 230 VPD; and,
- It is the site of a 60,000 SF building which was designed specifically as a PRTF and would be extremely expensive to repurpose for another use.

- The cost of the land and redevelopment expense of this building would require that it be located at high visibility and easily accessible signalized intersection along a major highway with a traffic count in numbers required to support a multi-million dollar investment to be a prime commercial site.

As this property has very limited and if no commercial value, Scenario 2 appears to be the best estimate for city property tax generation for non-tax exempt uses.

Annual Costs for City Services – 900 189th Ave

Public Works

Snow plow 40 events @ 0.33 hours = 13.2 hours per/yr @ \$150.00/hr. = \$1,980
 Sand and Salt - \$25/20 applications = \$500
 Crack Sealing – Average annual cost \$500
 Road overlay - \$135,000/25 years \$5,400
 Street Sweeping – 0.5 hrs @ \$270/hr. = \$135
 Pot Hole Patching - \$400/year
 ROW mowing – 2hrs. @ \$80/hr = \$160
 Total Public Works Annual Cost.....\$9,075

Fire Department

5 Calls for service @\$400/call.....\$2,000

Sheriff’s Department

Calls for service June 2020 – April 2021, 54 hours
 Average yearly hours = 60 X \$ 106/hour..... \$6,360

Other City Services – Costs up to.....\$6,565

Total City Cost for Services.....\$24,000