

**OFFICIAL PROCEEDINGS**  
**PENNINGTON COUNTY BOARD OF COMMISSIONERS**  
**TUESDAY, AUGUST 11<sup>TH</sup>, 2015, 9:30 A.M.**

Pursuant to adjournment, the Pennington County Board of Commissioners met in the Pennington County Board Room in Thief River Falls, MN, on Tuesday, August 11<sup>th</sup>, 2015 at 9:30 A.M. Members present: Cody Hempel, Darryl Tveitbakk, Donald Jensen, Neil Peterson, and Oliver “Skip” Swanson. Members absent: None.

The County Board Chairman Commissioner Tveitbakk called the hearing on the Revised Tax Abatement Program for New Homes in the City of Thief River Falls to order at 9:30 A.M.

Others present: Mark Borseth, Larry Kruse, Jeff Fagerstrom, Christine Anderson, Steve Narverud, Kermit Genereux and Scott D’Camp.

Thief River Falls City Administrator Larry Kruse stated that the Revised Tax Abatement Program allows for any residential property within the City of Thief River Falls meeting the requirements of the program to apply for tax abatement assistance. The Revised Tax Abatement Program would be effective July 1, 2015 and terminate on December 31, 2020. A copy of the Revised Tax Abatement Program is on file in the County Auditor Treasurer’s office.

The Chairman opened the floor for comments. It was discussed that one of the changes to the program would be that the constructed cost of the home cannot exceed \$200,000 replacing the old language of \$160,000. The other change in the program would allow the abatement to be for a maximum of seven years if there are outstanding assessments on the property. The tax abatement in this situation is applied to pay down the assessments. If there are no assessments, the abatement is for a maximum of three years as in the current program.

The hearing was closed at 9:45 A.M. and the County Board recessed until 10:00 A.M. for the regular session of the County Board meeting.

At 10:00 A.M. the meeting was called to order by Chairman Commissioner Tveitbakk and the Pledge of Allegiance was recited.

The first item of business was the Property Tax Abatement for the West River Falls Estates housing development.

Commissioner Peterson introduced the following resolution, Commissioner Hempel seconded and upon vote was unanimously carried.

**RESOLUTION APPROVING PROPERTY TAX ABATEMENTS  
FOR THE WEST RIVER FALLS ESTATES HOUSING DEVELOPMENT**

**BE IT RESOLVED** by the Board of Commissioners (the “Board”) of Pennington County, Minnesota (the “County”), as follows:

1. Recitals.

(a) DW Jones (the “Developer”) has requested that the City of Thief River Falls (the “City”), the County of Pennington (the “County”) and the School Board (the “Board”) for Independent School District No. 564 (the “District) abate their respective portions of additional prospective property taxes to be generated on Lot 1 and Lot 2, Block 1 Noper’s Fourth Addition in the City of Thief River Falls (the “Property”), resulting from the construction on the Property of 104 units of market rate rental housing (the “Project”), all as further described below. The Property is currently owned by the City and to be acquired by the Developer, and it is in the process of being assigned a parcel number.

(b) The requested property tax abatement (the “Abatement”) would be for a maximum of 4 years, specifically, with respect to property taxes payable in 2018 through 2021. The portion of the Abatement attributable to the County is estimated to not exceed \$243,000, with a present value of \$205,000.

(c) Property tax abatements, such as the Abatement, are authorized under *Minnesota Statutes*, Sections 469.1812 through 469.1815 (the “Abatement Law”).

(d) On the date hereof, in accordance with the Abatement Law, a public hearing was held on the question of the Abatement, and, as required by the Abatement Law, notice of said hearing was published at least 10 days but not more than 30 days prior to the hearing.

2. Findings. The Board hereby makes the following findings:

(i) The Board expects the benefits of the Abatement to the District to at least be equal to the costs thereof.

(ii) Granting the Abatement is in the public interest because it will increase the tax base of the County and other affected taxing jurisdictions and help provide access to market rate housing for residents.

(iii) The Board expects the public benefits described in (b) above to be derived from the Abatement.

(iv) The Property is not located in a tax increment financing district.

3. Terms of Abatement. The Abatement is hereby approved. The terms of the abatement are as follows:

(i) The Abatement shall be for a maximum of 4 years and shall apply to the taxes payable in the years 2018 through 2021, inclusive.

(ii) The Abatement shall be subject to final approval by the County of a definitive Development Agreement.

(c) The Abatement shall be for 100% of the County's share of the ad valorem property taxes generated by the Property which are attributable to the Project.

(d) The Abatement may not be modified or changed during the term set forth in (a) above, except with the prior written consent of the County.

(e) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

(f) In order to be entitled to the Abatement, the Developer shall not be in default within the County, the City or the District on any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions.

(g) All terms and conditions of the Abatement will be subject to final approval of the Development Agreement between the relevant taxing jurisdictions and the Developer.

(h) In any year, the total amount of property taxes to be abated by the County by this and any other applicable resolutions shall not exceed the greater of ten percent (10%) of the net tax capacity, or \$200,000, whichever is greater.

(i) In no event shall the combined aggregate abatement assistance, if all requested taxing jurisdictions participate, and if the Project is constructed at the maximum size envisioned, exceed \$400,000 over the 4 year term.

(j) The County Board Chair and County Auditor Treasurer are authorized to execute all documents and Development Agreements necessary to execute the Property Tax Abatement Program.

The County Board then discussed the Revised Tax Abatement Program for New Homes in the City of Thief River Falls.

Commissioner Peterson introduced the following resolution, seconded by Commissioner Hempel.

BE IT RESOLVED, that the Pennington County Board of Commissioners accept and approve the revised Tax Abatement Program Policy as follows:

## Exhibit A

### **Revised Tax Abatement Program**

The Pennington County Tax Abatement Program is based on the Tax Abatement Program established in August 2011 by the City of Thief River Falls and Pennington County. The original program will expire on December 31, 2015. The program was established in response to a request from developers for relief in establishing new plats, new lot developments, and ultimately new homes in the City of Thief River Falls.

The abatement program operates under the Tax Abatement Authority in Minnesota Statutes 469.1813 through 469.1815. The Tax Abatement Program provides for the abatement of property taxes as set by the County of Pennington County (the “taxing authority”) for a three to seven year period of time. The parameters of the program follow:

- The County of Pennington, agrees to participate in the incentive program.
- All of the property taxes for the County, including existing taxes on land, may be abated for a specific parcel(s).
- The program applies to new single-family residential construction only. New construction is defined as:
  - **Modular homes: A new modular home built after June 2015 and prior to the termination of the Tax Abatement Program qualifies provided it is placed on an approved foundation.**
  - **Manufactured homes: A new manufactured home built after June 2015 and prior to the termination of the Tax Abatement Program qualifies provided it is placed on an approved foundation.**
  - **Stick built homes. New construction for Stick Built homes is defined as any home that is built from scratch and is placed on an approved foundation. Construction must be after June 2015 and prior to the termination of the Tax Abatement Program. Stick built also pertains to a stick built home that is moved onto property within the City limits (having never been in the City limits prior to) and renovated to over 1/3 of its assessed value. The home must have an approved foundation.**
- The home must be owned by the party requesting the abatement, and the party must be the first owner of the home.

- Occupancy of the home must take place within two years of acquisition of the undeveloped real property (lot).
- The home can be built on any approved lot, anywhere within the City limits of Thief River Falls. The constructed cost of the home cannot exceed \$200,000. The cost of the lot is not included in the construction cost of the home.
- The term of the abatement may be a maximum of seven years if there are outstanding assessments on the property. The tax abatement would be applied to pay down the assessments. If the property does not have outstanding assessments, the term of the abatement may be a maximum of three years.
- The tax abatement will be provided in the form of a rebate to the property owner.
- Tax abatement payments for assessments and/or property tax reimbursement will only be provided if the property owner pays the semi-annual taxes.
- The Tax Abatement Program is only eligible for the original tax abatement applicants (property owners). The abatement does not transfer if the property is sold.

### **ABATEMENT REIMBURSEMENT**

The homeowner is reimbursed for taxes paid to Pennington County when the home is occupied and valued after one year of occupancy and certified as such by the Thief River Falls Building Official and Pennington County Assessor's Office. The abatement of real property taxes by the taxing authorities will be for seven consecutive years if the property has outstanding assessments, and three consecutive years if there are no outstanding assessments.

### **PROCESS**

1. The Thief River Falls Community Services Department is responsible for notifying the County and School District of properties participating in the program, and the date the real property was acquired.
2. The taxpayer pays the property taxes.
  - a. The owner submits a copy of their property tax statement and verification of payment to the Thief River Falls Community Services Office.
  - b. A statement is sent to the County for their portion of the property taxes. Included is a copy of the tax statement along with a cover letter indicating that the property owner is participating in the Tax Abatement Program, that the taxes have been paid, and that a rebate is due. The individual rebate amount will be calculated by the County Auditor Treasurer and be

based on the terms of the Tax Abatement Program. The County will send the rebate directly to the property owner or if there are outstanding City assessments the County shall pay the rebate to the City, and the City shall apply the property tax rebate to the property owners outstanding assessments, following proper notification and public hearings.

3. The program will close at the end of five years for review and consideration. The termination date is December 31, 2020.
4. The Revised Tax Abatement Program will replace the Program terminating on December 31, 2015 and is effective July 1, 2015.

There was discussion held on the maximum of seven years of abatements on homes with special assessments. Should it be that long and what is the procedure?

Upon call for vote, the resolution was unanimously carried.

Executive Director Lee Meier and Pennington County Representative Kermit Genereux gave an update on the NW MN Multi-County Housing and Redevelopment Authority (HRA) activities in Pennington County. They reviewed a breakout of levies collected through 2015 and the return on investment from the use of these levies. The HRA will continue to levy the authorized 25% of .0185% of the taxable market value for taxes payable in 2016.

Allan Morkrid, Manager of the Department of Motor Vehicle office, presented a quote for a new Canon copier from Marco for model Ir-1025 IF at a price of \$1,795.00. Parts are no longer available for the present copier. Motioned by Commissioner Jensen, seconded by Commissioner Hempel to approve the purchase of a Canon Ir-1025 IF from Marco for the Department of Motor Vehicles. Motion unanimously carried.

Motioned by Commissioner Hempel, seconded by Commissioner Swanson to issue a duplicate warrant for lost warrant #166366 issued to Travis Black in July of 2012 in the amount of \$22.80 without furnishing of an indemnifying bond. Motion unanimously carried.

Motioned by Commissioner Jensen, seconded by Commissioner Hempel to issue a duplicate warrant for lost warrant #171103 issued to Dante Steele on March 28<sup>th</sup>, 2014 in the amount of \$9.18 without furnishing of an indemnifying bond. Motion unanimously carried.

County Sheriff Ray Kuznia and Jail Administrator Susan Halvorson met to discuss co-pays charged for inmates as recommended by MEND Correctional Health Care. Motioned by Commissioner Hempel, seconded by Commissioner Jensen to establish the following medical co-pays for inmates replacing all other prior co-pays: Nurse Visit -

\$5.00 and Provider Visit - \$5.00. The cost of services not handled in house will be billed to the inmate. Motion unanimously carried.

County Sheriff Ray Kuznia, Thief River Falls Police Chief Dick Wittenberg, Mark Westacott - Insight Technologies, Grant Nelson - Dispatch and Dean Gutzke – Law Enforcement Technology Group (LETG) met with the Board to discuss replacing the current Law Enforcement software with LETG. Due to requirements that begin in 2016, the current software will need to be updated at a cost of \$212,590 or move to the LETG software at a cost of \$223,651. Advantages of the new software is that its web based and it will be a hosted solution. LETG would be willing to setup a three year payment plan. 911 funds would be able to be used to fund approximately \$107,205 of the project. The remainder would be split \$80,430 County and \$36,016 for the City of Thief River Falls Police Department. Sheriff Kuznia will include this in his 2016 budget. No further action was taken.

Tammy Frohlich, representing the Retired Senior Volunteer Program (RSVP), gave a report on volunteer hours by county and yearly funding. RSVP plans to start a handyman program in Pennington County and currently has three Bone Builder programs in Pennington County. The program is in its 41<sup>st</sup> year and is housed at the University of Minnesota Crookston.

Peter Nelson, Pennington County Soil and Water Conservation District, discussed an \$8,500 grant to do a Septic System Inventory on Chief's Coulee. A licensed inspector will need to do the inspections. Mr. Nelson provided a work plan that needs County Board approval. Motioned by Commissioner Hempel, seconded by Commissioner Jensen to approve the Chief's Coulee Septic System Inventory work plan as presented. Motion unanimously carried.

Motioned by Commissioner Peterson, seconded by Commissioner Jensen to sign the Cost Share Voucher for the Red Lake River Stabilization (SAP 57-603-36) project for the amount of \$15,975.80. Motion unanimously carried.

Assistant County Engineer Mike Stennes and Highway Accountant Lori Marquis met with the County Board. Mike Stennes provided two quotes for a dump trailer: Big Tex - \$6,799.00 and Finish Line Trailers - \$8,500.00.

Motioned by Commissioner Peterson, seconded by Commissioner Hempel to approve the purchase of a dump trailer from Big Tex in the amount of \$6,799.00 as the lowest and best bid received. Motion unanimously carried.

It was noted that CR #55 in the City of St. Hilaire is in the process of being turned back to the City of St. Hilaire.

The following resolution was introduced by Commissioner Hempel, seconded by Commissioner Peterson and upon vote was unanimously carried.

## **RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT**

**BE IT RESOLVED** that Pennington County enter into a grant agreement with the Minnesota Department of Public Safety, for traffic safety projects during the period from October 1, 2015 through September 30, 2016.

The Pennington County Auditor is hereby authorized to execute such agreements and amendments as are necessary to implement the project on behalf of Pennington County and to be the fiscal agent and administer the grant.

The County Board then reviewed the 2016 Road and Bridge Budget.

County Auditor Treasurer Ken Olson reviewed the County Veterans Service Office Operational Grant Contract. The grant is for \$10,000 and will be used for transportation of veterans to the VA Hospital/Clinic and for new computer software. The following resolution was introduced by Commissioner Jensen, seconded by Commissioner Hempel and upon vote was unanimously carried.

## **RESOLUTION OF PENNINGTON COUNTY**

**BE IT RESOLVED** by Pennington County Board of Commissioners that the County enter into the attached Grant Contract with the Minnesota Department of Veterans Affairs (MDVA) to conduct the following Program: County Veterans Service Office Operational Enhancement Grant Program. The grant must be used to provide outreach to the county's veterans; to assist in the reintegration of combat veterans into society; to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes of enhancing services offered to veterans; to reduce homelessness among veterans; and to enhance the operations of the county veterans service office, as specified in Minnesota Laws 2013 Chapter 142 Article 4. This Grant should not be used to supplant or replace other funding.

**BE IT FURTHER RESOLVED** by the Pennington County Board that Stephen Stone – County VSO, and Darryl Tveitbakk – Chairman, be authorized to execute the attached Grant Contract for the above-mentioned Program on behalf of the County.

**WHEREUPON** the above resolution was adopted at a regular meeting of the Pennington County Board this 11<sup>th</sup> day of August, 2015.

County Auditor Treasurer Ken Olson then reviewed the 2015 Emergency Management Performance Grant between the Homeland Security and Emergency Management Division and the Pennington County Emergency Management. The grant amount is for \$30,856.

The following resolution was introduced by Commissioner Jensen, seconded by Commissioner Peterson and upon vote was unanimously carried.

**BE IT RESOLVED** that the Pennington County Board of Commissioners does hereby approve the Emergency Management Performance Grant 2015, Grant Agreement

No. A-EMPG–2015–PENNCO–00059 and authorize the Chairman and Emergency Management Director sign the same.

Human Service Director Ken Yutzenka and Fiscal Supervisor Scott Sommers met with the County Board to review the draft 2016 Human Services budget.

Motioned by Commissioner Peterson, seconded by Commissioner Swanson, to approve the Board minutes of the July 28<sup>th</sup>, 2015 meeting as written. Motion unanimously carried.

Motioned by Commissioner Hempel, seconded by Commissioner Peterson, to approve payment of the Human Services warrants totaling \$136,094.13, and also the following Commissioner warrants. Motion unanimously carried.

WARRANTS

County Revenue	\$41,057.63
Road & Bridge	\$46,766.50
Solid Waste Facility	\$ 240.00

Per diems and meal reimbursements in the amount of \$41.94 were also approved.

Motioned by Commissioner Hempel, seconded by Commissioner Peterson to adjourn to 5:00 P.M. August 25<sup>th</sup>, 2015. Motion unanimously carried.

ATTEST:

Kenneth Olson, Auditor-Treasurer  
Pennington County

Darryl Tveitbakk, Chairman  
Board of Commissioners