

**AGENDA
HANOVER ECONOMIC DEVELOPMENT AUTHORITY
JUNE 30, 2020**

**TODD BARTELS - CHAIR
JESSICA JOHNSON - TREASURER
BRIAN DISMANG
TED ZRUST
TONY ROSS**

**KEN WARPULA – VICE CHAIR
MARYANN HALLSTEIN**

- 1. Call to Order: 8:00 a.m.**
- 2. Approval of:**
 - a. Agenda**
 - b. Minutes of May 21, 2020 Regular Meeting**
 - c. Accounts Payable and Financial Reports**
- 3. Citizen’s Forum**
- 4. Unfinished Business**
 - a. Mercantile Pass: Tax Abatement**
 - b. 2020 EDA Business Social**
- 5. New Business**
 - a. 2021 Preliminary Budget – Draft 1**
- 6. EDA Board and Staff Reports**
 - a. EDA Board Reports**
 - b. Staff Reports**
- 7. Adjournment**

**CITY OF HANOVER
ECONOMIC DEVELOPMENT AUTHORITY MEETING
MAY 21, 2020 – DRAFT MINUTES**

Call to Order

Chair Bartels called the regular EDA meeting of May 21, 2020 to order at 8:01 a.m. Present were members Todd Bartels, Jessica Johnson, Ted Zrust, Brian Dismang, Ken Warpula and MaryAnn Hallstein. Also present was City Administrator Brian Hagen. Absent was Tony Ross. Guest present included Bryan Reitzner and Grant Rademacher.

Approval of Agenda

No changes were made to the agenda.

Approval of Minutes from February 20, 2020 Regular Meeting

MOTION by Warpula to approve minutes as presented, seconded by Zrust. **Motion carried unanimously.**

Approval of Accounts Payable and Financial Reports

Johnson noted that all loans were current. Expenses included Initiative Foundation membership, Google Business breakfast seminar and purchased Yeti's for the 2020 Business Social.

MOTION by Johnson to approve the Accounts Payable and Financial Reports as presented, seconded by Dismang. **Motion carried unanimously.**

Citizen's Forum

None

Unfinished Business

New Business

Mercantile Pass: Tax Abatement

The board discussed potential tax abatement for a commercial project known as Mercantile Pass. The project would include commercial retail and office space. The project is at concept plan level but has received support from both Planning Commission and City Council. Hagen noted the developer has requested public assistance and after preliminary review, tax abatement is one of few options. The board supported a further review of potential tax abatement amounts that could be allocated towards the project. They directed Hagen to received proposals for both the financial review and to potentially bring in an EDA Consultant to look for further incentive options. Reitzner and Rademacher gave an overview of what types of businesses the project could attract.

MOTION by Zrust to further consider tax abatement with outside consultants, seconded by Dismang. **Motion carried unanimously.**

Fund Transfer

Hagen noted a healthy fund balance in the EDA's special revenue fund that is utilized for operational expenses. Hagen recommended transferring \$100,000 to the Business Incentive Fund.

MOTION by Johnson to transfer \$100,000 to the Business Incentive Fund, seconded by Dismang.

COVID-19: Business Incentives

Hagen noted a number of cities are creating special incentive programs to assist businesses who are facing hardships due to COVID-19. After discussion, the group wants businesses to solicit funds from federal and state levels before local EDA due to limited funds available locally.

Reports

Hagen noted that Rivers Edge of Hanover withdrew their concept plan review for the property commonly known as the Duininck Pit. Their intent to bring it back later in the year.

Adjournment

MOTION by Zrust to adjourn, seconded by Johnson. **Motion carried unanimously.**

ATTEST:

Brian Hagen, City Administrator

HANOVER
Cash Balances
 May 2020

Fund	Begin Month	GL Debits Month	GL Credits Month	Balance
100 GENERAL FUND	\$431,780.47	\$22,103.31	\$121,245.10	\$332,638.68
107 FIRE DEPT DONATIONS FUND	\$26,447.50	\$825.00	\$0.00	\$27,272.50
201 EDA SPECIAL REVENUE FUND	\$138,630.33	\$0.00	\$0.00	\$138,630.33
205 EDA BUSINESS INCENTIVE FUND	\$78,910.51	\$2,457.85	\$0.00	\$81,368.36
311 2008A GO CIP REFUNDING BOND	\$48,116.97	\$0.00	\$0.00	\$48,116.97
312 2009A GO IMP REFUNDING BOND	\$15,538.75	\$0.00	\$0.00	\$15,538.75
314 2011A GO IMP CROSSOVER REF BD	\$480,312.36	\$0.00	\$4,632.50	\$475,679.86
315 2016A GO CIP BOND	\$17,530.09	\$0.00	\$0.00	\$17,530.09
401 GENERAL CAPITAL PROJECTS	\$730,611.65	\$0.00	\$0.00	\$730,611.65
402 PARKS CAPITAL PROJECTS	\$94,492.60	\$0.00	\$0.00	\$94,492.60
403 FIRE DEPT CAPITAL FUND	\$362,602.64	\$0.00	\$0.00	\$362,602.64
404 HISTORICAL CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
405 PARK DEDICATION FEE	\$119,397.14	\$0.00	\$0.00	\$119,397.14
406 GAMBLING PROCEEDS	\$12,785.69	\$1,052.25	\$0.00	\$13,837.94
407 TIF REDEV DIST #1	\$8,822.44	\$0.00	\$0.00	\$8,822.44
409 MAHLER PIT - 15TH ST IMP FUND	\$107,159.65	\$0.00	\$0.00	\$107,159.65
411 FACILITIES CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
417 EQUIPMENT CAPITAL FUND	\$12,835.51	\$0.00	\$0.00	\$12,835.51
418 STREET CAPITAL PROJ FUND	\$384,253.07	\$0.00	\$456.50	\$383,796.57
601 WATER ENTERPRISE FUND	\$985,206.83	\$15,112.14	\$5,750.00	\$994,568.97
602 SEWER ENTERPRISE FUND	\$430,502.85	\$68,951.52	\$10,398.00	\$489,056.37
603 STORM WATER ENTERPRISE FUND	\$184,621.77	\$13,330.38	\$5,113.23	\$192,838.92
611 WATER CAPITAL IMP FUND	\$220,324.96	\$0.00	\$0.00	\$220,324.96
612 SEWER CAPITAL IMP FUND	\$2,171,942.28	\$0.00	\$0.00	\$2,171,942.28
613 STORM WATER CAPITAL IMP FUND	\$694,422.95	\$0.00	\$688.77	\$693,734.18
701 RIVER ROAD CEMETERY	\$36,081.74	\$1,000.00	\$0.00	\$37,081.74
702 CSAH 19 CEMETERY	\$3,450.00	\$1,000.00	\$0.00	\$4,450.00
811 EROSION CONTROL ESCROW FUND	\$46,123.53	\$6,000.00	\$0.00	\$52,123.53
815 LANDSCAPE ESCROW FUND	\$46,000.00	\$6,000.00	\$0.00	\$52,000.00
817 INFRASTRUCTURE ESCROW FUND	\$30,000.00	\$3,000.00	\$0.00	\$33,000.00
818 MISC ESCROWS FUND	\$24,529.69	\$10,960.25	\$9,085.48	\$26,404.46
820 BRIDGES TOWNHOMES ESC FUND	\$3,794.94	\$0.00	\$0.00	\$3,794.94
823 CROW RVR HTS WEST 3RD / BACKES	\$16,718.38	\$0.00	\$1,714.50	\$15,003.88
825 CROW RVR HTS FUT WEST PLAT/PUD	\$0.00	\$0.00	\$0.00	\$0.00
826 CROW RVR HTS 4TH ADD FINL PLAT	\$0.00	\$0.00	\$0.00	\$0.00
827 HANOVER COVE PRELIMINARY PLAT	\$0.00	\$0.00	\$0.00	\$0.00
828 CROW RVR HTS 4TH DEVEL AGRMT	\$57,560.40	\$0.00	\$1,779.00	\$55,781.40
900 INTEREST	\$48,443.19	\$0.00	\$0.00	\$48,443.19
	\$8,069,950.88	\$151,792.70	\$160,863.08	\$8,060,880.50

Revenue Budget Report - EDA

Source Alt Code	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2018 YTD Variance	%YTD Budget
Fund 201 EDA SPECIAL REVENUE FUND						
TAXES	R 201-31000 Property Taxes - General	\$0.00	\$0.00	\$49,000.00	\$49,000.00	0.00%
TAXES	R 201-31010 Tax Abatement	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code TAXES		\$0.00	\$0.00	\$49,000.00	\$49,000.00	0.00%
MISC	R 201-36200 Miscellaneous Revenues	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 201-36210 Interest Earnings	\$0.00	\$676.99	\$0.00	-\$676.99	0.00%
MISC	R 201-36215 Investment Income/Loss	\$0.00	\$450.30	\$0.00	-\$450.30	0.00%
Source Alt Code MISC		\$0.00	\$1,127.29	\$0.00	-\$1,127.29	0.00%
INTGOVT	R 201-33410 MV Credit	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code INTGOVT		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Fund 201 EDA SPECIAL REVENUE FUND		\$0.00	\$1,127.29	\$49,000.00	\$47,872.71	2.30%
Fund 205 EDA BUSINESS INCENTIVE FUND						
MISC	R 205-36200 Miscellaneous Revenues	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 205-36210 Interest Earnings	\$299.98	\$2,277.63	\$3,500.00	\$1,222.37	65.08%
MISC	R 205-36215 Investment Income/Loss	\$0.00	\$234.89	\$0.00	-\$234.89	0.00%
MISC	R 205-36230 Contributions and Donation	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 205-39203 Transfer from Other Fund	\$0.00	\$0.00	\$35,000.00	\$35,000.00	0.00%
Source Alt Code MISC		\$299.98	\$2,512.52	\$38,500.00	\$35,987.48	6.53%
INTGOVT	R 205-33400 State Grants and Aids	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code INTGOVT		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Fund 205 EDA BUSINESS INCENTIVE FUND		\$299.98	\$2,512.52	\$38,500.00	\$35,987.48	6.53%
		\$299.98	\$3,639.81	\$87,500.00	\$83,860.19	4.16%

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
Fund 201 EDA SPECIAL REVENUE FUND						
Dept 41330 Boards and Commissions						
BRDCOMM	E 201-41330-111 Committee Wages/Meeting	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
BRDCOMM	E 201-41330-306 Dues & Subscriptions	\$0.00	\$310.00	\$500.00	\$190.00	62.00%
BRDCOMM	E 201-41330-310 Other Professional Services	\$0.00	\$1,395.00	\$5,000.00	\$3,605.00	27.90%
BRDCOMM	E 201-41330-437 Other Miscellaneous	\$0.00	\$1,789.95	\$5,500.00	\$3,710.05	32.54%
Dept 41330 Boards and Commissions		\$0.00	\$3,494.95	\$13,000.00	\$9,505.05	
Dept 41570 Purchasing						
PURCHASE	E 201-41570-210 Operating Supplies (GENER	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
Dept 41570 Purchasing		\$0.00	\$0.00	\$1,000.00	\$1,000.00	
Dept 49360 Transfers Out						
TRANSFERS	E 201-49360-700 Transfers (GENERAL)	\$0.00	\$0.00	\$35,000.00	\$35,000.00	0.00%
Dept 49360 Transfers Out		\$0.00	\$0.00	\$35,000.00	\$35,000.00	
Fund 201 EDA SPECIAL REVENUE FUND		\$0.00	\$3,494.95	\$49,000.00	\$45,505.05	

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
Fund 205 EDA BUSINESS INCENTIVE FUND						
Dept 46500 Economic Develop mt (GENERAL)						
ECODEVEL	E 205-46500-810 Refunds & Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 46500 Economic Develop mt (GENERAL)		\$0.00	\$0.00	\$0.00	\$0.00	
Dept 49300 Other Finanacing Uses						
OTHFINUS	E 205-49300-317 EDA BIF: Rent Reimbusem	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
OTHFINUS	E 205-49300-318 EDA BIF: Matching Grant	\$0.00	\$1,230.00	\$0.00	-\$1,230.00	0.00%
OTHFINUS	E 205-49300-319 EDA BIF: EDA Loan	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 49300 Other Finanacing Uses		\$0.00	\$1,230.00	\$0.00	-\$1,230.00	
Fund 205 EDA BUSINESS INCENTIVE FUND		\$0.00	\$1,230.00	\$0.00	-\$1,230.00	

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
		\$0.00	\$4,724.95	\$49,000.00	\$44,275.05	

HANOVER
Transaction Activity - EDA

Period Name	Check Nbr	Tran Name	Search Name	Amount	Comments	Check/Receipt Date	Fund
Act Year 2020							
PL Type G General Ledger							
Account Descr G 201-10100 Cash							
January		Journal Entr		-\$1,860.00	To Reverse 2019 YE JE #		201
March		Journal Entr		\$1,127.29	Allocate 1st Quarter 2020		201
Account Descr G 201-10100 Cash				-\$732.71			
Account Descr G 201-10500 Taxes Receivable-Current							
January		Journal Entr		-\$399.18	To Reverse 2019 YE JE #		201
Account Descr G 201-10500 Taxes Receivable-Current				-\$399.18			
Account Descr G 201-20200 Accounts Payable							
January		Journal Entr		\$1,860.00	To Reverse 2019 YE JE #		201
Account Descr G 201-20200 Accounts Payable				\$1,860.00			
Account Descr G 205-10100 Cash							
March		Journal Entr		\$588.02	Allocate 1st Quarter 2020		205
Account Descr G 205-10100 Cash				\$588.02			
Account Descr G 205-12400 EDA Loan Receivable							
January	087337	Cash Receip	ASTRO ENGINEERING	\$1,072.76	EDA Loan Principal Paym	01/17/20	205
January	087307	Cash Receip	PLUG TECHNOLOGIES, IN	\$446.14	EDA Loan Principal Paym	01/06/20	205
January	029221	Cash Receip	ROY C INC	\$208.33	EDA Loan Payment - Jan	01/03/20	205
February	087407	Cash Receip	ASTRO ENGINEERING	\$1,121.38	EDA Loan Principal Paym	02/14/20	205
February	010577	Cash Receip	BIG BORE BBQ COMPANY	\$662.58	EDA Loan Principal Paym	02/27/20	205
February	010577	Cash Receip	BIG BORE BBQ COMPANY	\$662.59	EDA Loan Principal Paym	02/27/20	205
February	087372	Cash Receip	PLUG TECHNOLOGIES, IN	\$446.92	EDA Loan Principal Paym	02/04/20	205
February	029287	Cash Receip	ROY C INC	\$208.33	EDA Loan Payment - Feb	02/03/20	205
March	087523	Cash Receip	ASTRO ENGINEERING	\$1,116.75	EDA Loan Principal Paym	03/16/20	205
March	087536	Cash Receip	BIG BORE BBQ COMPANY	\$781.48	EDA Loan Principal Paym	03/20/20	205
March	087480	Cash Receip	PLUG TECHNOLOGIES, IN	\$447.78	EDA Loan Principal Paym	03/04/20	205
March	029356	Cash Receip	ROY C INC	\$208.33	EDA Loan Payment - Mar	03/02/20	205
April	087622	Cash Receip	ASTRO ENGINEERING	\$1,097.63	EDA Loan Principal Paym	04/15/20	205
April	087633	Cash Receip	BIG BORE BBQ COMPANY	\$820.11	EDA Loan Principal Paym	04/21/20	205
April	087559	Cash Receip	PLUG TECHNOLOGIES, IN	\$449.68	EDA Loan Principal Paym	03/31/20	205
April	029451	Cash Receip	ROY C INC	\$208.33	EDA Loan Payment - Apri	04/01/20	205
May	087708	Cash Receip	ASTRO ENGINEERING	\$1,122.55	EDA Loan Principal Paym	05/14/20	205
May	087742	Cash Receip	BIG BORE BBQ COMPANY	\$826.99	EDA Loan Principal Paym	05/21/20	205
May	029520	Cash Receip	ROY C INC	\$208.33	EDA Loan Payment - May	05/01/20	205
Account Descr G 205-12400 EDA Loan Receivable				\$12,116.99			
PL Type G General Ledger				\$13,433.12			
PL Type *R Revenue							
Account Descr R 201-31000 Property Taxes - General							
January		Journal Entr		\$199.13	To Reverse 2019 YE JE #		201
January		Journal Entr		\$200.05	To Reverse 2019 YE JE #		201
January		Cash Receip	HENNEPIN COUNTY TREA	\$200.05	HC Tax Settlement - Janu		201
January		Cash Receip	WRIGHT COUNTY AUDITO	\$199.13	WC Tax Settlement - Jan		201
Account Descr R 201-31000 Property Taxes - General				\$798.36			
Account Descr R 201-36210 Interest Earnings							
March		Journal Entr		-\$676.99	Allocate 1st Quarter 2020		201
Account Descr R 201-36210 Interest Earnings				-\$676.99			

Transaction Activity - EDA

Period Name	Check Nbr	Tran Name	Search Name	Amount	Comments	Check/Receipt Date	Fund
Account Descr R 201-36215 Investment Income/Loss							
March		Journal Entr		-450.30	Allocate 1st Quarter 2020		201
Account Descr R 201-36215 Investment Income/Loss							
				-450.30			
Account Descr R 205-36210 Interest Earnings							
January	087337	Cash Receip	ASTRO ENGINEERING	\$260.11	EDA Loan Interest Payme	01/17/20	205
January	087307	Cash Receip	PLUG TECHNOLOGIES, IN	\$3.09	EDA Loan Interest Payme	01/06/20	205
February	087407	Cash Receip	ASTRO ENGINEERING	\$211.49	EDA Loan Interest Payme	02/14/20	205
February	010577	Cash Receip	BIG BORE BBQ COMPANY	\$231.15	EDA Loan Interest Payme	02/27/20	205
February	010577	Cash Receip	BIG BORE BBQ COMPANY	\$231.15	EDA Loan Interest Payme	02/27/20	205
February	087372	Cash Receip	PLUG TECHNOLOGIES, IN	\$2.31	EDA Loan Interest Payme	02/04/20	205
March		Journal Entr		-353.13	Allocate 1st Quarter 2020		205
March	087523	Cash Receip	ASTRO ENGINEERING	\$216.12	EDA Loan Interest Payme	03/16/20	205
March	087536	Cash Receip	BIG BORE BBQ COMPANY	\$135.17	EDA Loan Interest Payme	03/20/20	205
March	087480	Cash Receip	PLUG TECHNOLOGIES, IN	\$1.45	EDA Loan Interest Payme	03/04/20	205
April	087622	Cash Receip	ASTRO ENGINEERING	\$235.24	EDA Loan Interest Payme	04/15/20	205
April	087633	Cash Receip	BIG BORE BBQ COMPANY	\$96.54	EDA Loan Interest Payme	04/21/20	205
April	087559	Cash Receip	PLUG TECHNOLOGIES, IN	\$0.70	EDA Loan Interest Payme	03/31/20	205
May	087708	Cash Receip	ASTRO ENGINEERING	\$210.32	EDA Loan Interest Payme	05/14/20	205
May	087742	Cash Receip	BIG BORE BBQ COMPANY	\$89.66	EDA Loan Interest Payme	05/21/20	205
Account Descr R 205-36210 Interest Earnings							
				\$1,571.37			
Account Descr R 205-36215 Investment Income/Loss							
March		Journal Entr		-234.89	Allocate 1st Quarter 2020		205
Account Descr R 205-36215 Investment Income/Loss							
				-234.89			
PL Type *R Revenue							
				\$1,007.55			
PL Type -E Expenditure							
Account Descr E 201-41330-306 Dues & Subscriptions							
April	034945	Cash Payme	INITIATIVE FOUNDATION	\$310.00	Endowment Pledge - 202	04/07/20	201
Account Descr E 201-41330-306 Dues & Subscriptions							
				\$310.00			
Account Descr E 201-41330-310 Other Professional Services							
February	034818	Cash Payme	VISA - BANKWEST	\$1,100.00	B. Hagen: EDFP Cert. Tra	01/30/20	201
February	034818	Cash Payme	VISA - BANKWEST	\$295.00	B. Hagen: Economic Dev	01/30/20	201
Account Descr E 201-41330-310 Other Professional Servi							
				\$1,395.00			
Account Descr E 201-41330-437 Other Miscellaneous							
March	002884	Cash Payme	HALLSTEIN, MARY ANN	\$148.67	Food for EDA Sponsored	03/09/20	201
April	034952	Cash Payme	VISA - BANKWEST	\$1,641.28	2020 EDA Business Socia	04/07/20	201
Account Descr E 201-41330-437 Other Miscellaneous							
				\$1,789.95			
Account Descr E 205-49300-318 EDA BIF: Matching Grant							
March	002908	Cash Payme	RIVER INN	\$1,230.00	Matching Grant for River	03/23/20	205
Account Descr E 205-49300-318 EDA BIF: Matching Gran							
				\$1,230.00			
PL Type -E Expenditure							
				\$4,724.95			
Act Year 2020							
				\$19,165.62			
				\$19,165.62			

<u>Borrower</u>	<u>6/25/2020</u>	<u>Paid Through</u>
	\$ -	
Plug Technologies, Inc.	\$ -	Paid Off in April
Astro Engineering	\$ 78,120.40	June
Roy C. Inc.	\$ 3,750.06	June
BBBBQ LLC	\$ 84,426.76	June
Total	\$ 166,297.22	

Work Plan
City of Hanover, Minnesota

Tax Abatement Analysis**June 19, 2020****OBJECTIVE**

To assist the City with the review of an economic development project and the potential use of property tax abatement.

SCOPE OF SERVICES

Baker Tilly Municipal Advisors (BTMA) will provide the following services at the City's sole discretion. Services may be omitted if the City determines the service is not needed.

Task 1: Evaluation of Tax Abatement Funding Capacity

1. Assist City in preparing preliminary revenue projections for the utilization of tax abatement, including evaluation of revenue potential of County participation.
2. Evaluate proposed development scenario and project costs to determine anticipated market value upon completion for purposes of abatement revenue projection. Discuss value estimate with County Assessor's office.
3. Review proposed project costs to identify eligible reimbursable expenses.
4. Prepare memorandum detailing projected abatement revenues and project assumptions.
5. Attendance and presentation of revenue findings in a meeting with the City as directed by Staff.

Task 2: Need for Assistance Review

1. Assist City in preparing an analysis of the project's need for financial assistance to verify that the project would be unlikely to proceed but-for the requested abatement assistance.
2. Review of the Developer's project pro forma to evaluate the need for assistance, including reviewing project cost assumptions and operating lease revenue and expense assumptions for reasonableness.
3. Completion of a rate of return analysis for the project with and without tax abatement to verify the need for assistance.
4. Preparation of a memo outlining the findings of this analysis.
5. Attendance and presentation of findings in a meeting with the City as directed by Staff.

Task 3: Creation of Abatement Area

1. Assist City in the completion of the statutory process for the creation of a Tax Abatement.
2. Identify parcel identification numbers for parcels to be abated and amount of abatement assistance.
3. Prepare and send required public hearing notice to local newspaper.
4. Assist City legal counsel with their drafting of a resolution for the approval of the abatement.
5. Assist City legal counsel with the drafting of a development agreement.
6. Attendance and presentation at public hearing for the creation of the abatement area.

Task 4: Additional Abatement and Economic Development Consulting

Baker Tilly, at the request of City Staff is also ready to provide additional economic development consulting assistance as requested. Potential services include development of a tax abatement application, assistance in discussion with the County regarding their participation, and any additional tax abatement educational presentation(s) with City Council and/or EDA.

COMPLETION DATES

Baker Tilly will complete the initial Task 1 tax abatement revenue analysis within two weeks from authorization from the City and the receipt of project information from the Developer.

Task 2 would be completed within two weeks from the receipt of project information from the Developer, following the authorization by the City to proceed with this potential next step. The proposed completion timeline is predicated on the receipt of a complete pro forma provided by the Developer. Additional time for completion of this task maybe necessary if additional assistance is required to assist the Developer with the preparation of an operating pro forma.

Task 3 would be completed within the standard time frame for the creation of an abatement area as defined by the statutory approval process.

COMPENSATION

Baker Tilly will provide the above **Scope of Services** at the hourly rates detailed in the following table:

2020 Standard Hourly Fee Schedule	
Title	Rate
Principal, Director, & Senior Manager	\$260
Manager & Senior Professional Staff	\$215
Professional Staff	\$160
Support Staff	\$ 75

The work described in **Task 1** will be completed on an hourly basis with an *estimated* cost of **\$2,600**, based on the hourly rates as listed above.


The work described in **Task 2** will be completed on an hourly basis with an *estimated* cost of **\$3,500**. The proposed completion time and cost estimate for this task is predicated on the receipt of a complete pro forma from the Developer. Additional time and cost may be incurred if additional assistance is necessary to assist the Developer with the preparation of a complete pro forma.

The work described in **Task 3** will be completed on an hourly basis with an *estimated* cost of **\$2,000**.

The proposed project costs included above are based on a presumption that meetings with the City will be conducted virtually and/or via conference call. Additional cost maybe incurred for travel time and mileage if in person meetings are to be conducted. Additionally, excluded from the fee indicated above is any out-of-pocket expenses such as, copies, faxes, credit reports, the cost of research information, or other expenses necessary to complete the project. City Staff will be notified before any out-of-pocket expenses are incurred. Additional work requested and authorized by the Client either under **Task 4** or outside the scope of services described in this proposal will be invoiced at our standard hourly rates as shown above.

Project Team

Baker Tilly will provide the following resources as part of the engagement:

Director	Thomas Denaway, EDFP
	<p>Tom Denaway will serve as the lead consultant for the project and manage all project activities.</p> <p>Qualifications: Tom is a Director in Baker Tilly’s housing & economic development group. With the firm since 2005, he performs analysis for the use of a variety of economic development, redevelopment and housing programs in the Midwest region, including property and sales tax increment, special improvement districts and tax abatement. Tasks performed include revenue projections, operating cash flow projections, cost benefit analysis, tax impact analysis, bond cash flow analysis, rate of return analysis, developer need for assistance, repayment risk analysis and annual TIF reporting services to our Minnesota clients. Prior to joining Baker Tilly, Tom served as the management analyst for the City of Wyoming, Minnesota. Tom received a Bachelor of Arts degree in Political Science from the University of Minnesota-Duluth, is certified through the National Development Council as an Economic Development Finance Professional and is also MSRB Municipal Advisor Series 50 Qualified.</p>

Non-attest Service

This project is considered a non-attest service. We will not set policy or strategic direction, perform any management functions, or make management decisions on your behalf with respect to this project. In addition, we will not determine which recommendations the City should implement or prioritize. Baker Tilly will not establish or accept responsibility for designing, implementing or maintaining internal controls.

The foregoing Work Plan is hereby entered into on behalf of the respective parties by signature of the following persons each of whom is duly authorized to bind the parties indicated.

Baker Tilly Municipal Advisors	City of Hanover, Minnesota
_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
Title	Title
_____	_____
Date	Date

**Hanover Economic Development Authority
Special Revenue Fund**

Account	Description	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Budget	06-02-20 Actual	% of Budget	2021 Budget	% Change	Comments
<u>Revenue Accounts</u>												
201-31000	PROPERTY TAXES	49,867	49,383	49,306	49,082	48,962	49,000	0		49,000		
201-31010	TAX ABATEMENT	0	1,222	0	0	0	0	0		0		
201-36200	MISCELLANEOUS REVENUES			0	500	0	0	0		0		
201-36210	INTEREST EARNINGS	815	905	1,213	1,212	1,876	0	677		0		
201-36215	INVESTMENT INCOME/LOSS	(65)	833	(403)	(336)	1,451	0	450		0		
201-33410	MV CREDIT	70	59	52	42	37	0	0		0		
Total Revenue		50,687	52,401	50,168	50,500	52,326	49,000	1,127	2%	49,000	0%	
<u>Expenditure Accounts</u>												
201-41330-111	COMMITTEE WAGES/MEETINGS	1,620	1,410	1,710	1,170	1,860	2,000	0		2,000		
201-41330-306	DUES & SUBSCRIPTIONS	487	320	310	310	605	500	310		500		Initiative Foundation & EDAM membership
201-41330-310	OTHER PROFESSIONAL SERVICES	10,840	7,766	7,564	9,618	3,252	5,000	1,395		5,000		Admin training included
201-41330-437	OTHER MISCELLANEOUS	4,562	4,600	112,480	6,779	2,859	5,500	1,790		5,500		Bus. Social, HHF Donation
201-41570-210	PURCH: SUPPLIES	0	0	0	0	0	1,000	0		1,000		
201-49360-700	TRANSFERS: BUSINESS INCENTIVE	15,000	0	0	0	0	35,000	0		35,000		
Total Expenditures		32,508	14,096	122,064	17,877	8,576	49,000	3,495	7%	49,000	0%	
Total Revenue Over Expenditures		18,178	38,305	(71,896)	32,623	43,750	0	(2,368)		0		