

**COMPROMISE AGREEMENT  
PURSUANT TO MINNESOTA RULES OF EVIDENCE, RULE 408,  
FOR THE DISMISSAL OF ASSESSMENT APPEAL**

**THIS COMPROMISE AGREEMENT** (“Agreement”) is entered into and effective as of the \_\_\_\_ day of June, 2026 (“Agreement Date”), by and between the City of Baxter, a Minnesota municipal corporation (the “City”), and Mills Property Investments, LLC, a Minnesota limited liability company (the “Property Owner”).

**WITNESSETH:**

**WHEREAS**, the Property Owner owns a parcel of real property in the City, identified on the attached Exhibit A (the “Property”); and

**WHEREAS**, the City authorized improvements on Design Road between Dellwood Drive and Golf Course Drive as part of the City’s 2025 Design Road & TH 371 Stormwater Improvements Project, Municipal Project No. 4135 (the “Project”); and

**WHEREAS**, on October 7, 2025, the City approved Resolution 2025-082, and levied a special assessment against the Property pursuant to Minnesota Statutes Chapter 429; and

**WHEREAS**, the special assessment amount levied against the Property is \$236,672.52, comprised of an assessed amount of \$233,921.54 plus \$2,750.98 in interest, identified as the “Assessment Levy Amount”; and

**WHEREAS**, the Property Owner appealed the City’s special assessment levied against the Property for the Project improvements by filing the present special assessment appeal action in Crow Wing County District Court, Court File No. 18-CV-25-4198 (“Appeal”); and

**WHEREAS**, this Agreement is intended to resolve the dispute between the parties arising from the Project and the Property Owner’s Appeal; and

**WHEREAS**, the Property Owner represents and agrees that the filing of the Appeal is the only claims the Property Owner has related to the Project.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants of each to the other contained in this Agreement and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do covenant and agree as follows:

**ARTICLE 1**  
**THE AGREEMENT**

**Section 1.01 Purpose.** The purpose of this Agreement is to memorialize the covenants and agreements between the City and Property Owner with regard to the dispute between the parties arising from the Project and the Property Owner’s Appeal.

**Section 1.02 Cooperation.** The City and Property Owner will cooperate and use their best efforts to ensure the most expeditious implementation of the various terms of this Agreement.

**Section 1.03 Term.** The term of this Agreement will start on the Agreement Date and will survive the dismissal of the Appeal.

**Section 1.04 Recitals.** The above recitals are true as of the Agreement Date and constitute a part of this Agreement.

## **ARTICLE 2** **DEFINITIONS**

**Section 2.01 Definitions.** The following are terms used in this Agreement. Their meanings in this Agreement will be expressly indicated below, unless the context of this Agreement requires otherwise:

- a) **Agreement.** This Agreement is to memorialize the covenants and agreements between the City and Property Owner regarding the dispute between the parties arising from the Project and the Property Owner's Appeal.
- b) **Settlement Stipulation.** The Settlement Stipulation, Order and Judgment providing for the dismissal of Crow Wing County District Court File No. 18-CV-25-4198 with prejudice and without costs or attorneys' fees to either party.

## **ARTICLE 3** **COVENANTS AND AGREEMENTS**

**Section 3.01 Covenants and Agreements of the City.** The City covenants and agrees with the Property Owner that:

- a) **City Execution of This Agreement.** In consideration of this Agreement, the City agrees to execute this Agreement and implement its terms as they relate to the Property.
- b) **City Reduction of Property Assessment Principal Balance.** On October 7, 2025, the City approved Resolution 2025-082 which approved the Assessment Levy Amount against the Property for the Project improvements. The City agrees that the City shall reduce the Assessment Levy Amount against the Property to a total amount of \$140,000.00 plus 2025 accrued interest ("Adjusted Assessment Amount"). This assessment principal reduction shall be made by the City certifying the revised, reduced assessment to Crow Wing County by December 31, 2026. The Adjusted Assessment Amount shall be billed and paid for as provided by the provisions in Minnesota Statutes Chapter 429 through payments on the property tax statements on the Property as referenced above.
- c) **Settlement Stipulation.** The City agrees that the City Attorney will execute a copy

of the Settlement Stipulation, Order and Judgment attached hereto as Exhibit B. The parties hereto agree that said Settlement Stipulation, Order and Judgment shall be executed contemporaneously with this Agreement, and the City Attorney shall proceed with the filing of the executed Settlement Stipulation, Order and Judgment with the Crow Wing County District Court.

**Section 3.02 Covenants and Agreements of the Property Owner.** Property Owner agrees with the City that:

- a) Title and Agreement Execution and Processing. Property Owner warrants that Property Owner has the authority to enter into this Agreement and Property Owner agrees to execute this Agreement and deliver said executed copy to the City Attorney for the City's processing thereof pursuant to Section 3.01 above.
- b) Property Owner Execution of Settlement Stipulation, Order and Judgment Pleading. In consideration of this Agreement, the Property Owner hereby agrees that the Property Owner's Attorney will execute the Settlement Stipulation, Order and Judgment, attached hereto as Exhibit B, contemporaneously with this Agreement and deliver the executed copy to the City Attorney for the City's processing thereof pursuant to Section 3.01 above.
- c) Property Owner Payment of Assessment Principal Reduction Amount. Property Owner hereby agrees to pay the Adjusted Assessment Amount of \$140,000 and any accrued interest based upon the Adjusted Assessment Amount for the Property as certified by the City pursuant to this Agreement. City Resolution No. 2025-082 approved the Assessment Levy Amount against the Property with interest accruing from October 7, 2025, at a rate of 5.05%. Property Owner acknowledges and agrees that the benefit of the City's certification of the Adjusted Assessment Amount shall be first reflected in the reduced assessment principal and accrued interest calculated by Crow Wing County and collected with the payable 2027 property taxes.
- d) Assessment Waiver. Property Owner hereby waives all rights to assessment notices, hearings and appeals, and all other rights pursuant to Minn. Stat. § 429.061, §429.071 and § 429.081 for the special assessment against the Property up to the Adjusted Assessment Amount of \$140,000.00 plus 2025 accrued interest. The Property Owner also hereby waives any and all procedural and substantive objections to the City's special assessment of the Property for Project improvements pursuant to City Resolution No. 2025-082 and subsequent resolution for reassessment, including, but not limited to, notice and hearing requirements and any claim that any or all of the Adjusted Assessment Amount of \$140,000.00 and all accrued interest as certified by the City exceeds the benefit to the Property for the Project. Nothing contained in this Agreement shall be construed as waiving any other notices or rights of the Property Owner for any municipal action unrelated to this Project. In addition the Adjusted Assessment Amount may be paid in accordance with the Revised Record of Assessment attached hereto as Exhibit C.

**ARTICLE 4**  
**GENERAL PROVISIONS**

**Section 4.01 Non-Assignability.** Neither party hereto shall assign any interest in this Agreement nor shall either party transfer any interest in the same without the prior written consent of the other party.

**Section 4.02 Binding Effect.** This Agreement and the terms, conditions and covenants contained herein and the transaction contemplated hereunder shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, personal representatives, and permitted assigns. This Agreement shall further be binding on subsequent purchasers of the Property and shall run with the Property herein described.

**Section 4.03 Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 4.04 Amendments and Modifications.** This Agreement may be amended or any of its terms modified or changed only by a written amendment authorized and executed by the parties hereto.

**Section 4.05 Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery by facsimile or by electronic transmission in portable document format (PDF) or other similar electronic form of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

**Section 4.06 Entire Agreement.** This Agreement shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.

**Section 4.07 Applicable Law.** This Agreement will be governed by and construed under the laws of the State of Minnesota.

**Section 4.08 Captions.** The captions and the headings in this Agreement are for convenience only and do not define, limit, or describe the scope or intent of any provision or section of this Agreement.

**Section 4.09 Release.** The City and the Property Owner, their representatives, officers, directors, employees, agents, partners, principals, successors, subrogees, and assigns, completely and irrevocably release each other from all claims, known or unknown, that they asserted or could have asserted in Crow Wing County District Court File No. 18-CV-25-4198.

**Section 4.10 Legal Representation.** The City and the Property Owner acknowledge that each has been represented in this appeal and in negotiations for this Agreement by counsel of their choice, that each has read this Agreement and had it explained by counsel, that each understands that it is aware of the contents and legal effect, and that each is voluntarily entering into this

Agreement.

**Section 4.11 Compromise Agreement.** The City and the Property Owner agree that this Agreement is a compromise agreement under Minnesota Rules of Evidence Rule 408. Evidence of conduct or statements made during the compromise negotiations is not admissible evidence. The execution of this Agreement will not be deemed or construed as an admission of liability or fault by the City or the Property Owner. This Agreement is entered by The City and the Property Owner to avoid further litigation, expense, disruption, and delay.

**IN WITNESS WHEREOF,** the City and the Property Owner have executed this Agreement by its duly authorized representatives.

**CITY OF BAXTER**

By: \_\_\_\_\_  
Darrel Olson  
Mayor

ATTEST:

By: \_\_\_\_\_  
Kelly Steele  
Assistant City Administrator/City Clerk

**MILLS PROPERTY INVESTMENTS, LLC**

By: Mark M. M...

Its: President / Owner

Date: 9 June 2026

**EXHIBIT A**

Mills Property Investments, LLC owns real property in the City of Baxter, parcel identification number 40050719, referred to as the "Property" and legally described as follows:

**Block 1, Lot 2, Mills Addition to Baxter, Crow Wing County, Minnesota**

**EXHIBIT B**

STATE OF MINNESOTA  
COUNTY OF CROW WING

DISTRICT COURT  
NINTH JUDICIAL DISTRICT  
COURT FILE NO. 18-CV-25-4198  
Case Type: Civil Other/Misc.  
Judicial Officer: Charles D. Halverson

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Mills Property Investments, LLC,  
Appellant,

**STIPULATION  
FOR DISMISSAL WITH  
PREJUDICE AND  
ORDER AND JUDGMENT**

vs.

City of Baxter,

Respondent.

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**WHEREAS**, Appellant and Respondent have resolved this special assessment appeal pursuant to a separate agreement.

**WHEREAS**, Appellant and Respondent desire to have the above-entitled action dismissed with prejudice and without an award of any litigation costs, expenses and/or attorneys' fees to any party.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED:**

1. That Appellant and Respondent agree that above-entitled action shall be dismissed with prejudice and without an award of any litigation costs, expenses and/or attorneys' fees to any party.
2. That it is further agreed that Respondent shall cause judgment of dismissal with prejudice and on the merits to be entered herein.

**ATTORNEY FOR APPELLANT**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Howard A. Roston, No. 0260460  
Kelly A. Dahl, No. 504404  
Fredrikson & Byron, P.A.  
60 South Sixth Street, Suite 1500  
Minneapolis, MN 55402-4400  
(612) 492-7000  
hroston@fredlaw.com  
kdahl@fredlaw.com

**ATTORNEYS FOR RESPONDENT**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Greta L. Bjerkness, No. 0390575  
Kennedy & Graven, Chartered  
150 S. Fifth Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9222  
gbjerkness@kennedy-graven.com

**REVISED RECORD OF ASSESSMENT 05.08.2026**

<p>PROJECT: 2025 DESIGN ROAD &amp; T.H. 371 STORMWATER IMPROVEMENTS PROJECT  MUNICIPAL PROJECT NO: 4135  PROJECT LOCATION: BAXTER, MN</p> <p>TYPE OF IMPROVEMENT: Sanitary Sewer: _____ Water: _____  Road: <u>  X  </u> Storm Sewer: _____</p> <p>NAME OF TAXPAYER: MILLS PROPERTY INVESTMENTS LLC  ADDRESS: 14858 DELLWOOD DRVIE  CITY: BAXTER, MN 56425</p> <p>NAME OF FEE OWNER: MILLS PROPERTY INVESTMENTS LLC  ADDRESS: 14858 DELLWOOD DRVIE  CITY: BAXTER, MN 56425</p> <p>PROPERTY ADDRESS: 14138 DELLWOOD DR  PROPERTY ID NUMBER: 40050719  LEGAL DESCRIPTION: SECTION: 5 TOWNSHIP: 133  RANGE: 28  PLAT: MILLS ADDITION TO BAXTER  LEGAL: BLOCK 1, LOT 2 MILLS ADDITION TO BAXTER</p> <p>Original Assessment Calculation:  FDR ASSESSABLE FRONTAGE (LF): 1,102</p> <p>FDR Area Assessment: 1,102 LF @ \$212.27 /LF = \$233,921.54  2025 Interest: \$2,750.98  Total 2025 Certified Assessment: <u>\$233,921.54</u></p> <p>Adjusted Assessment Amount (per Settlement Agreement):  <b>Reduced Assessment</b> \$140,000.00  Revised 2025 Interest <u>\$1,646.44</u>  Adjusted Assessment Amount (per Settlement Agreement): <u>\$141,646.44</u></p> <p>2026 Adjusted Installment Paid Applied to Principal Balance: (\$19,624.88)</p> <p>Total Revised 2027-on Assessment: <u><u>\$122,021.56</u></u></p>	<p align="center"><b>FIXED PAYMENT CONDITIONS:</b></p> <p>Principal: \$122,021.56  Interest rate: 5.05%  Annual payment: \$14,728.64  Years: 11</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>ANNUAL</th> <th>PRINCIPAL</th> <th>INTEREST</th> <th>UNPAID</th> </tr> <tr> <th>YEAR</th> <th>PAYMENT</th> <th></th> <th></th> <th>BALANCE</th> </tr> </thead> <tbody> <tr> <td>2026</td> <td>\$26,778.03</td> <td>\$14,826.06</td> <td>\$11,951.96</td> <td>\$107,195.50</td> </tr> <tr> <td colspan="5">Original Certification</td> </tr> <tr> <td>2026</td> <td>\$26,778.03</td> <td>\$19,624.88</td> <td>\$7,153.15</td> <td>\$122,021.56</td> </tr> <tr> <td colspan="5">Adjusted P&amp;I allocation with settlement</td> </tr> <tr> <td colspan="5">Recertified amortization schedule for 2027-on</td> </tr> <tr> <td>2027</td> <td>\$14,728.64</td> <td>\$8,566.55</td> <td>\$6,162.09</td> <td>\$113,455.01</td> </tr> <tr> <td>2028</td> <td>\$14,728.64</td> <td>\$8,999.16</td> <td>\$5,729.48</td> <td>\$104,455.85</td> </tr> <tr> <td>2029</td> <td>\$14,728.64</td> <td>\$9,453.62</td> <td>\$5,275.02</td> <td>\$95,002.23</td> </tr> <tr> <td>2030</td> <td>\$14,728.64</td> <td>\$9,931.03</td> <td>\$4,797.61</td> <td>\$85,071.20</td> </tr> <tr> <td>2031</td> <td>\$14,728.64</td> <td>\$10,432.54</td> <td>\$4,296.10</td> <td>\$74,638.65</td> </tr> <tr> <td>2032</td> <td>\$14,728.64</td> <td>\$10,959.39</td> <td>\$3,769.25</td> <td>\$63,679.26</td> </tr> <tr> <td>2033</td> <td>\$14,728.64</td> <td>\$11,512.84</td> <td>\$3,215.80</td> <td>\$52,166.43</td> </tr> <tr> <td>2034</td> <td>\$14,728.64</td> <td>\$12,094.24</td> <td>\$2,634.40</td> <td>\$40,072.19</td> </tr> <tr> <td>2035</td> <td>\$14,728.64</td> <td>\$12,704.99</td> <td>\$2,023.65</td> <td>\$27,367.20</td> </tr> <tr> <td>2036</td> <td>\$14,728.64</td> <td>\$13,346.60</td> <td>\$1,382.04</td> <td>\$14,020.60</td> </tr> <tr> <td>2037</td> <td>\$14,728.64</td> <td>\$14,020.60</td> <td>\$708.04</td> <td>\$0.00</td> </tr> </tbody> </table>		ANNUAL	PRINCIPAL	INTEREST	UNPAID	YEAR	PAYMENT			BALANCE	2026	\$26,778.03	\$14,826.06	\$11,951.96	\$107,195.50	Original Certification					2026	\$26,778.03	\$19,624.88	\$7,153.15	\$122,021.56	Adjusted P&I allocation with settlement					Recertified amortization schedule for 2027-on					2027	\$14,728.64	\$8,566.55	\$6,162.09	\$113,455.01	2028	\$14,728.64	\$8,999.16	\$5,729.48	\$104,455.85	2029	\$14,728.64	\$9,453.62	\$5,275.02	\$95,002.23	2030	\$14,728.64	\$9,931.03	\$4,797.61	\$85,071.20	2031	\$14,728.64	\$10,432.54	\$4,296.10	\$74,638.65	2032	\$14,728.64	\$10,959.39	\$3,769.25	\$63,679.26	2033	\$14,728.64	\$11,512.84	\$3,215.80	\$52,166.43	2034	\$14,728.64	\$12,094.24	\$2,634.40	\$40,072.19	2035	\$14,728.64	\$12,704.99	\$2,023.65	\$27,367.20	2036	\$14,728.64	\$13,346.60	\$1,382.04	\$14,020.60	2037	\$14,728.64	\$14,020.60	\$708.04	\$0.00
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<p>COMMENTS: 05/08/26 Revised Record of Assessment is a result of the 2026 special assessment appeal settlement, dated xx/xx/26.</p>																																																																																											

B-3

EXHIBIT C

**ORDER**

Pursuant to the foregoing Stipulation, the above-entitled action is hereby dismissed with prejudice and without an award of any litigation costs, expenses and/or attorneys' fees to any party.

LET JUDGMENT BE ENTERED ACCORDINGLY.

Dated: \_\_\_\_\_, 2026.

BY THE COURT:

\_\_\_\_\_  
Judge Charles D. Halverson  
Judge of District Court

**JUDGMENT**

I hereby certify that the above Order constitutes a judgment of the Court.

Dated: \_\_\_\_\_, 2026.

COURT ADMINISTRATOR:

By: \_\_\_\_\_

Its: \_\_\_\_\_