

**CITY OF NEW PRAGUE, MINNESOTA**

**RESOLUTION NO. 24-10-21-03**

**RESOLUTION APPROVING PROPERTY TAX  
ABATEMENT FOR CERTAIN PROPERTY IN THE CITY  
OF NEW PRAGUE**

BE IT RESOLVED by the City Council (the “City Council”) of the City of New Prague, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City of New Prague, Minnesota (the “City”) proposes to assist in financing the acquisition, construction and betterment of a 54-unit multifamily housing apartment building (the “Project”). The City proposes to use property tax abatements derived from the property currently identified as Parcel Identification Number 23.501.0010 (the “Tax Abatement Property”). The City proposes to use the abatement for the purposes provided for in Minnesota Statutes, Sections 469.1812 through 469.1816 (the "Abatement Law") to assist the Project from the property taxes to be levied by the City on the Tax Abatement Property.

1.02. The proposed term of the abatement will be for up to 15 years in an estimated amount not to exceed \$316,965. The proposed abatement will apply to a portion of the City's share of real estate taxes which relate to the construction of the Project on the Tax Abatement Property and not the real estate taxes on the Tax Abatement Property that relate to the value of the land, as determined by the City (the "Abatement").

1.03. Under the Abatement Law, the City is authorized to retain abatements from property in order to accomplish certain public purposes, including situations where the abatement will increase or preserve tax base, provide or help acquire or construct public facilities, help provide employment opportunities in the City, help provide access to services for City residents, or finance or provide public infrastructure.

1.04. This City Council has reviewed information concerning the Project’s request for financial assistance.

1.05. On the date hereof, the City Council conducted a duly noticed public hearing on the Abatement proposed to be provided by the City and the business subsidy proposed to be provided to the Project at which the views of all interested persons were heard.

1.06. The City intends to enter into a Contract for Private Development, including a Tax Abatement Agreement (collectively the “Abatement Agreement”) for the Project, which shall set forth the terms of the Abatement and include a business subsidy agreement as required by the Business Subsidy Act.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) the City believes that the development to be facilitated is not reasonably likely to occur absent the Abatement provided by the City, and (b) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement returned to the Project.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the tax base and provide additional employment opportunities in the City.

2.04. The Property is not located in a tax increment financing City.

2.05. The Abatement complies with the City's written Tax Abatement Assistance Policy.

Section 3. Actions Ratified; Abatement Approved

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the City's total tax rate for that year against the tax capacity of the Property in accordance with the Abatement Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The Abatement will be paid by the City regarding the Project on the dates and in accordance with all the terms and conditions of the Abatement Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the City under the Act and paid in that year exceed the greater of 10% of the City's levy for that year or \$200,000 (the "Abatement Cap"). The City may grant any other abatements permitted under the Act after the date of this Resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this Resolution.

(d) The Abatement shall be for up to a 15-year period and shall apply to the taxes payable in the years 2027 through 2041. The City shall transfer the Abatement to the City

semiannually commencing August 1, 2027 to and including February 1, 2042. The City reserves the right to modify the commencement date but the abatement period shall not exceed fifteen (15) years.

(e) The Abatement is subject to modification in accordance with the Act only as agreed to in writing by the City, subject to the terms of the Abatement Agreement.

(f) The maximum amount of Abatement authorized under this resolution is \$316,965.

(g) In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this Resolution.

(h) The City makes no warranties or representations regarding the amount or availability of the Abatement.

(i) The Abatement shall be provided to the Project pursuant to the terms and conditions of the Abatement Agreement as approved by the City Council.

3.03. Restrictions on Abatement. The Abatement granted pursuant to this Resolution shall not commence until the following conditions are satisfied:

(a) The City and the developer of the Project mutually agree on the terms and conditions of the Abatement Agreement.

#### Section 4. Approval of Tax Abatement Documents.

4.01. The City Council hereby approves the Abatement Agreement in substantially the form presented to the City Council, together with any related documents necessary in connection therewith, including but not limited to any documents, exhibits, certifications or consents referenced in or attached to the Abatement Agreement (collectively, the “Abatement Documents”) and hereby authorizes the Mayor and City Administrator to negotiate the final terms thereof, and to execute the same on behalf of the City, and City staff to carry out, on behalf of the City, the City’s obligations thereunder.

4.02. The approval hereby given to the Abatement Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by appropriate City staff and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. The Abatement Documents shall not be effective until the date of execution thereof as provided herein.

4.03. In the event of absence or disability of the officers, any of the documents

authorized by this Resolution to be executed may be executed without further act or authorization of the City Council by any duly designated acting official, or by such other officer or officers of the City Council as, in the opinion of the City Attorney, may act in their behalf. Upon execution and delivery of the Abatement Documents, the officers and employees of the City are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the City to implement the Abatement Documents.

Section 5. Implementation.

5.01. The Mayor and the City Administrator are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the City determines are necessary to implement this Resolution.

5.02. The City Council directs City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the City Council as set forth in this Resolution.

5.03. The Mayor, City staff, City attorney and City consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Section 6. County and School District Participation.

6.01. The Mayor and City Administrator are authorized to work with Le Sueur County (the “County”) and Independent School District No. 721 (the “School District”) if the County and School District choose to abate a portion of the County’s or School District’s taxes for the benefit of the Project, including but not limited to drafting the Abatement Agreement with the County and School District as parties and administering the payment of the County’s and School District’s abatement dollars.

Section 7. Effective Date. This resolution is effective upon execution in full of the Abatement Agreement.

Approved by the City Council of the City of New Prague, Minnesota, this 21<sup>st</sup> day of October, 2024.

**CITY OF NEW PRAGUE, MINNESOTA**

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Duane Jirik  
Mayor

Attest:

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Joshau Tetzlaff  
City Administrator

**EXHIBIT A TO ABATEMENT RESOLUTION**

**THE PROPERTY**

That real property in the City of New Prague, County of Le Sueur, State of Minnesota, legally described as follows:

Lot 1, Block 1, Deutschland First Addition, as filed of record with the LeSueur County Recorder's Office.