AGENDA
BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY MEETING
COUNCIL CHAMBERS

AUGUST 10, 2026
5:30 p.m.

1) **CALL TO ORDER**

2) **PLEDGE OF ALLEGIANCE**

3) **ROLL CALL** (Members: D. Clarksean, K. Geroux, A. Heidemann, P. Knier, K. Knodle, K. Parsons, J. Rohrbeck)

4) **ADOPT AGENDA**

5) **APPROVE BLEDA MINUTES OF JUNE 08, 2026**

6) **BLEDA BUSINESS ITEMS**

   6A. Modification to Development Program for Municipal Development District No. 1 and Adoption of Tax Increment Financing Plan for Tax Increment Financing District No. 1-8

   6B. 2027 BLEDA Budget and Proposed Special Benefit Levy

   6C. BLEDA Financial Report and List of Claims for June and July 2026

   6D. Community Development Department Update

7) **OTHER**

8) **ADJOURN**

Notice of City Council Quorum: A quorum of the City Council members may be present at this meeting. No action will be taken by the Council.

AGENDA ITEM

Big Lake Economic Development Authority

Prepared By:	Meeting Date:	Item No.
Lisa Miller, BLEDA Secretary	*08/10/2026*	**5**
Item Description: *June 08, 2026 BLEDA Regular Meeting Minutes*	**Reviewed By:** *Marie Popp, BLEDA Executive Director*	
	Reviewed By: *N/A*	

ACTION REQUESTED

Approve the June 08, 2026, Big Lake Economic Development Authority (BLEDA) Regular Meeting Minutes as presented.

BACKGROUND/DISCUSSION

The June 08, 2026, BLEDA Regular Meeting Minutes are attached for review.

ATTACHMENTS

June 08, 2026, BLEDA Regular Meeting Minutes

- DRAFT MINUTES -
NOT YET APPROVED

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES

MONDAY, JUNE 08, 2026

1. CALL TO ORDER

President Alan Heidemann called the meeting to order at 5:30 p.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. ROLL CALL

Commissioners present: Donna Clarksean, Ken Geroux, Alan Heidemann, Paul Knier, Kristopher Knodle, Kathryn Parsons and Jake Rohrbeck.

Also present: BLEDA Executive Director Marie Popp, City Administrator Hanna Klimmek, BLEDA Assistant Treasurer Deb Wegeleben, BLEDA Secretary Lisa Miller, Community Development Coordinator, Tara Kohl and Megan Carr with Sand Development, LLC.

4. ADOPT AGENDA

Commissioner Geroux motioned to adopt the proposed Agenda. Seconded by Commissioner Clarksean, unanimous ayes, motion carried.

5. APPROVE BLEDA MINUTES OF MAY 11, 2026

Commissioner Knier motioned to approve the BLEDA minutes of May 11, 2026, as presented. Seconded by Commissioner Knodle, unanimous ayes, motion carried.

6A. SAND DEVELOPMENT LLC LETTERS OF SUPPORT REQUEST

Popp discussed Sand Development LLC has requested letters of support from the City Council to accompany their application for Minnesota Housing financing. The proposed project would be submitted as part of the upcoming MN Housing funding cycle. The developer is seeking formal acknowledgment of local support to strengthen their submission. Popp explained the company is proposing to construct a 48-unit apartment building near Goldenrod Glen. The units would be income restricted to 60% of the area median income (currently $79,440 for a family of 4). Some of the units will be further restricted depending on final counts for the MN Housing application. Popp mentioned similar letters of support were completed for Aeon for the Goldenrod Glen

**- DRAFT MINUTES -
NOT YET APPROVED**

apartment project. Popp noted if BLEDA recommends approval of the letters, the final drafts will be in the June 17, 2026, City Council meeting packet.

BLEDA Commissioner's discussed the request for letters of support for Sand Development, LLCs proposed 48-unit income-restricted apartment project. Commissioners discussed the timing of the project, current development activity in the city, wastewater capacity concerns, tax revenue implications, and the need for balanced growth.

Commissioner Knier motioned to deny City Council approval of the Letter of Support Request for the Sand Development, LLC apartment project. Seconded by Commissioner Geroux. Motion passed with a vote of 6:1, with Commissioners Clarksean, Heidemann, Parsons and Rohrbeck voting aye, and Commissioner Knodle voting nay. Motion carried.

6B. BLEDA STRATEGIC PLAN DISCUSSION

BLEDA Executive Director, Marie Popp, reviewed BLEDA has been discussing the strategic plan over the past couple of months. The conversations have raised broader questions about the specific action steps and tactical approaches BLEDA would like to take on priority parcels. During the May meeting, BLEDA members decided to continue the discussion to the June meeting in pursuit of a consensus on BLEDA's interest in continuing to maintain redevelopment goals.

The Commissioners discussed current and future redevelopment priorities, including both small-scale redevelopment opportunities and long-term redevelopment concepts. Commissioners discussed the distinction between pursuing smaller redevelopment projects versus larger, long-term redevelopment plans involving multiple property acquisitions over a 20–25-year period. Several Commissioners expressed support for focusing on smaller, more achievable projects that align with current staffing and financial capacity. Discussion included the Highway 25/Pleasant Avenue area, Putnam Ave and Martin Ave, redevelopment potential, and challenges related to zoning, setbacks, surrounding residential uses, and acquisition feasibility. Commissioners noted some parcels may become more viable if neighboring properties become available in the future. The Commissioners reviewed the financial capacity related to redevelopment activities. Popp indicated there may be approximately $350,000–$400,000 available for redevelopment or acquisition efforts; however, Commissioners expressed concern about committing resources to long-term property holding strategies without clear redevelopment timelines or City Council support. Commissioners discussed maintaining flexibility with existing EDA-owned properties and continuing to evaluate opportunities as market conditions and property ownership change. Some Commissioners supported marketing certain parcels for sale if appropriate redevelopment opportunities are not currently feasible. The fertilizer plant property and other industrial parcels were discussed as examples of properties that may continue to present redevelopment opportunities in the

**- DRAFT MINUTES -
NOT YET APPROVED**

future. The Commissioners also discussed the importance of aligning redevelopment goals with the City Council's priorities and ensuring that redevelopment efforts remain realistic and strategically focused.

Consensus / Direction

- Continue focusing on priority redevelopment projects currently underway.
- Maintain redevelopment as a core EDA objective while taking a more selective and strategic approach to future acquisitions.
- Evaluate EDA-owned parcels individually to determine whether redevelopment, marketing, or sale is the most appropriate course of action.
- Continue gathering information on neighboring properties and potential redevelopment opportunities as conditions evolve.
- Incorporate redevelopment priorities and realistic implementation strategies into the updated strategic plan.

6C. <u>BLEDA FINANCIAL REPORT AND LIST OF CLAIMS FOR MAY 2026</u>

Deb Wegeleben reviewed the BLEDA financial report and list of claims for May 2026.

Commissioner Clarksean motioned to approve the BLEDA Financial Report and List of Claims for May 2026. Seconded by Commissioner Rohrbeck, unanimous ayes, motion carried.

6D. <u>COMMUNITY DEVELOPMENT DEPARTMENT UPDATE</u>

Popp reviewed the Community Development Department update, and shared Martha Dougherty joined the Community Development Department on May 21, 2026. Popp mentioned permit numbers will be included in the future monthly updates during permit season.

7. <u>OTHER</u>

No other.

8. <u>ADJOURN</u>

Commissioner Rohrbeck motioned to adjourn the meeting at 6:33 p.m. Seconded by Knodle, unanimous ayes, meeting adjourned.

AGENDA ITEM

Big Lake Economic Development Authority

Prepared By: *Deb Wegeleben, BLEDA Assistant Treasurer*	***Meeting Date:*** *8/10/2026*	***Item No.*** **6A**
Item Description: *Recommendation to Council on the Modification to Development Program for Municipal Development District No. 1 and Adoption of Tax Increment Financing Plan for Tax Increment Financing District No. 1-8*	***Reviewed By:*** *Marie Popp, BLEDA Executive Director* ***Reviewed By:*** *Hanna Klimmek, City Administrator*	

ACTION REQUESTED

Adopt the attached Resolution of Support recommending that the City Council approve the Modification to Municipal Development District No. 1 and adopt the Tax Increment Financing Plan for Tax Increment Financing District No. 1-8 for the Packaging Corporation of America project.

BACKGROUND/DISCUSSION

Packaging Corporation of America (PCA) has requested Tax Increment Financing (TIF) assistance to construct a major manufacturing facility on recently annexed property within the City of Big Lake. The proposed project represents an estimated private investment of approximately $250 million and is anticipated to include 550,000 square feet manufacturing facility.

The project is expected to create approximately 125 new jobs, expand Big Lake's manufacturing and industrial capacity, redevelop a currently underutilized site, and significantly increase the City's taxable market value. The property currently has an estimated taxable market value of approximately $796,500 and is projected to increase to approximately $50 million following development.

The primary public purpose for the proposed TIF assistance is the creation of new jobs and the resulting long-term economic growth. Existing property taxes generated by the current tax base will continue to be distributed to all taxing jurisdictions, including the City, Sherburne County, and the Big Lake School District. Only the new tax increment generated by the increased property value will be captured and used to reimburse the developer through a Pay-As-You-Go Tax Increment Revenue Note for eligible costs.

Based on current assumptions for a 550,000-square-foot facility, a pay-as-you-go note may provide up to $6.66 million of tax increment to reimburse eligible costs at 5.5% simple (non-compounded) interest over an estimated nine-year period. The City will retain 2% of the annual tax increment to offset administrative and annual reporting costs.

Notices of the proposed TIF Plan will be provided to Sherburne County and Independent School District 727 by August 17, 2026. The City Council will hold the required public hearing on September 16, 2026. Construction is anticipated to commence by June 30, 2027, with completion by December 31, 2028. TIF certification is anticipated by June 30, 2027, the first tax increment is expected in 2029, and the district will be decertified no later than December 31, 2037, or earlier if sufficient increment is generated. Upon decertification, the full taxable value will benefit all taxing jurisdictions.

For informational purchase, a draft of the presentation prepared by Northland Securities is attached. This presentation is intended to be presented by Northland during the City Council public hearing on September 16, 2026, and is provided to BLEDA members in advance to assist with their review of the proposed TIF Plan.

FINANCIAL IMPACT

The proposed TIF District is structured as a Pay-As-You-Go district. The City will not issue general obligation bonds. The developer will be reimbursed only from tax increment actually generated by the completed project. If the project does not generate the anticipated increment, the City has no obligation to make payments from any other source.

STAFF RECOMMENDATION

Staff recommend that the Big Lake Economic Development Authority adopt the attached Resolution of Support recommending that the City Council approve the Modification to Municipal Development District No. 1 and adopt the Tax Increment Financing Plan for Tax Increment Financing District No. 1-8 for the Packaging Corporation of America project.

ATTACHMENTS

1. Resolution of Support Recommending Approval of the Modification to Municipal Development District No. 1 and the Tax Increment Financing Plan for Tax Increment Financing District No. 1-8.
2. Proposed Tax Increment Financing Plan for Tax Increment Financing District No. 1-8.
3. Draft Public Hearing Presentation prepared by Northland Securities for September 16, 2026, City Council Public Hearing (provided for information purposes only).

EXTRACT OF MINUTES OF A MEETING OF THE
BOARD OF COMMISSIONERS OF THE
BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

HELD: AUGUST 10, 2026

Pursuant to due call and notice thereof, a regular or special meeting of the Big Lake Economic Development Authority, Sherburne County, Minnesota was duly called and held at City Hall in the City of Big Lake, Minnesota on the 10th day of August 2026 at 6:00 P.M.

The following members of the Board of Commissioners were present: Donna Clarksean, Ken Geroux, Alan Heidemann, Paul Knier, Kristopher Knodle, Kathryn Parsons and Jake Rohrbeck.

and the following were absent: None.

Commissioner _______________ introduced the following resolution and moved its adoption:

RESOLUTION NO 2026-XX

RESOLUTION RECOMMENDING THE CITY COUNCIL ADOPT A MODIFICATION TO DEVELOPMENT PROGRAM FOR MUNICIPAL DEVELOPMENT DISTRICT NO. 1, AND ADOPT THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1-8

WHEREAS, there is a proposal that the City of Big Lake adopt a Modified Development Program for Development District No. 1 (as modified, the "Development Program") for Development District No. 1, and adopt a Tax Increment Financing Plan for Tax Increment Financing (Economic Development) District 1-8 (the "Tax Increment Financing Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.134, and Sections 469.174 to 469.1794, inclusive, as amended.

NOW, THEREFORE, BE IT RESOLVED by the Big Lake Economic Development Authority that the Big Lake Economic Development Authority hereby recommends that the Development Program and the Tax Increment Financing Plan be adopted by the City Council and the City establish Tax Increment Financing District No. 1-8 as this will afford maximum opportunity, consistent with the sound needs of the City of Big Lake as a whole, for the development or redevelopment of Municipal Development District No. 1 by private enterprise.

The motion for the adoption of the foregoing resolution was seconded by member ______________________ and upon vote being taken thereon, the following voted in favor thereof;

and the following voted against the same.

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF SHERBURNE
CITY OF BIG LAKE

I, the undersigned, being the duly qualified and acting Executive Director of the Big Lake Economic Development Authority, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the Board of Commissioners of said Authority, duly called and held on the date herein indicated, insofar as such minutes related to a resolution recommending the City Council adopt a modification to development program and adopt the tax increment financing plan.

WITNESS my hand this _____ day of ____________, 2026.

____
Executive Director

DRAFT MEMORANDUM

To: City of Big Lake

From: Tammy Omdal, Managing Director

Date: August 3, 2026

Re: Proposed Tax Increment Financing District (Economic Development) No. 1-8

The City of Big Lake (the "City") received a request for financial assistance from Packaging Corporation of America (the "Developer") for the construction of a manufacturing facility to be used for corrugated product manufacturing; the current estimate square feet of the building to be constructed is approximately 550,000 (the "Project"). The estimated total cost of the Project, as prepared by the Developer, is $250 million.

The site for the Project is located on property near U.S. Highway 10 and Lake Street. The City is in the process of annexing three parcels currently within Big Lake Township (identified as 10-00324-4400, 10-00325-1101, and 10-00325-1410) with a combined size of approximately 115.19 acres (the "Property"). After annexation, the City anticipates parcels will be combined. The Property is unoccupied green space.

The City plans to hold a public hearing on Wednesday, September 16, 2026 to consider the establishment of a Tax Increment Financing (Economic Development) District No. 1-8 (the "TIF District") within Development District No. 1. Subject to completion of the process for annexation of the Property, following the public hearing the City Council may consider adoption of a resolution to establish the TIF District. The establishment of the TIF District by the City provides the authority to consider approval of financial assistance to the Developer, which qualifies as a business subsidy under Minnesota Statutes, Section 116J.993 to 116J.995 (the "Business Subsidy Act").

The purpose of this memorandum is to provide information on tax increment financing authority and process followed for establishing the TIF District, along with a summary of the plan for the TIF District.

Background on TIF Authority

The establishment of tax increment financing economic development district is a statutory financing tool that can be used to promote economic development in areas where it would otherwise not occur. The establishment of the TIF District will allow the City to "capture" the revenues generated by the increase in net tax capacity resulting from the Project within the TIF District. The revenue comes from the increase in property taxes, with some limited exceptions to the taxes that may be captured within a tax increment financing district. For example, referendum tax and state property tax cannot be captured with a tax increment financing district.

The maximum duration to capture the tax increments from an economic development tax increment financing district is 8 years after the first year of tax increment collections for a total of 9 years.

The City may use tax increments to assist the Developer with financing of land acquisition and site improvement costs related to the construction of a manufacturing facility. The City must make certain findings when approving the TIF District, including a finding that the project, as proposed, is feasible only through assistance, in part, from tax increment financing. This is commonly referred to as the "but for" finding.

The Project qualifies as an economic development tax increment financing district as the Project consists of the construction of a manufacturing facility. The Project will meet the following conditions:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or

(2) it will result in increased employment in the state; and

(3) it will result in preservation and enhancement of the tax base of the state.

Process for Approval

As part of the process to establish the TIF District, the City must approve adoption of a Tax Increment Financing Plan for the TIF District (the "TIF Plan"). The TIF Plan provides information about the Project to be funded with tax increment from the TIF District and authorizes the use of tax increment from the district to pay TIF-eligible project costs, among other items.

A tax increment financing district must be located within the boundaries of a specified development project area. The City has previously established Development District No. 1 (the "Project Area"), as modified over time, and set the boundaries of the Project Area as shown in the map included in Exhibit V of the TIF Plan. It is proposed that the City modify the boundaries of the Project Area, and the related Development Program, to include the addition of the Property and establishment of the TIF District within.

After the TIF District is established by the City, the City may consider approval of a contract for private development with the Developer for tax increment financing assistance.

Notice to County and School District

Before the public hearing and the establishment of the TIF District, the City must provide certain notices to the county and the school district, including providing a copy of a draft tax increment financing plan for the district. The county and school district may comment on the proposed TIF Plan but cannot prevent the creation of the TIF District. On behalf of the City, Northland will submit a letter and a draft copy of the TIF Plan to Sherburne County and Big Lake School District on August 17, 2026, with a request for comments. Should comments be received prior to the Public Hearing, they will be noted during the hearing.

Adoption of TIF Plan

Following the public hearing, subject to completion of the annexation of the Property, the City Council may adopt the resolution approving modification to Development District No. 1 and adopting the modified Development Program relating thereto, and the establishment of the TIF District and the adoption of the TIF Plan relating thereto, among other actions.

TIF Plan Summary and Terms for Assistance

Pursuant to a proposed Tax Increment Financing Development Agreement by and among the City and the Developer (the "Agreement"), the City may execute a Tax Increment Revenue Note (the "Note") for the Project.

The principal amount of the Note, as defined in the Agreement, shall not exceed **$6,661,000** for a 550,000 square foot building, or **$12.11 per square foot** if the final building size is less than 550,000 square feet. The outstanding principal balance will accrue simple (non-compounded) interest at a rate of **5.5% per annum**, beginning on the date of the Note.

The amounts due under the Note shall be payable on August 1, 2029, and on each February 1 and August 1 thereafter to and including February 1, 2038, pursuant to the Agreement. On each payment date the City shall pay an amount equal to the sum of the Tax Increments (as defined in the Agreement) received by the City during the six-month period preceding such payment date. Pursuant to the Agreement, all payments made by the City under the Note shall first be applied to accrued interest and then to principal. The Note shall be prepayable by the City, in whole or in part, on any date.

The Payment Amounts (as defined in the Agreement) due shall be payable solely from 98% of tax increments from the Development Property (as defined in the Agreement) within the TIF District which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "TIF Act"). The Note shall terminate and be of no further force and effect following the last Payment Date, on any date upon which the City shall have terminated the Agreement or the Developer shall have terminated the Agreement pursuant to the terms in the Agreement, on the date the TIF District is terminated, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

Developer Background

The Developer's application for TIF assistance states the following:

> Packaging Corporation of America (PCA) produces corrugated and protective packaging products at over 90 facilities throughout the US. Each facility competes for a portion of the finite company-wide capital expenditure for capital projects. Return on investment (ROI) is a significant factor in whether a capital project will be approved for funding. Incentives, such as TIF assistance, improve the ROI for a given capital project, thereby increasing its chances of Board approval.

PCA projects the company will create 100 hourly and 25 salaried jobs, and that the hourly jobs will pay $25-$45 per hour before benefits are included.

TIF Plan Summary

The summary that follows highlights the key elements of the TIF Plan. The TIF Plan provides for the City to capture 100% of the tax increments collected from the Property within the TIF District to reimburse project costs, including land acquisition and site/preparation costs of the Developer, and City administrative costs in an amount not to exceed $6,849,000.

Item	Plan Section	Highlights from TIF Plan
City Plans and Development Program	3.02	Section 2.02 of the TIF Plan summarizes the proposed development and explains how this development is consistent with local plans and policies of the City.
Boundaries of TIF District	3.03.2	The TIF District will include two parcels. The parcels will be owned by the Developer.
Type of District	3.03.3	The TIF District is an economic development district. The district will meet the statutory criteria for this type of district as a manufacturing facility.
Estimated Tax Increment	3.04.1	The Project is estimated to create annual tax increment revenue (net of State Auditor's fee) of approximately $1,074,376 in the second year of the TIF District (2030), following completion of the Development in 2028. This amount is based on the following factors: • Total estimated taxable market value of the Property is $50,050,000 after completion of the Project, with the property classified as commercial-industrial. • The original net tax capacity value of the TIF District is estimated based on the current market value of the Property for taxes payable in 2026. A property's net tax capacity is determined by multiplying the property's taxable market value by the relevant class rate or rates. Class rates are set by statute, vary by property type, and are uniform statewide. For purpose of calculating tax increments, the county auditor will set the original net tax capacity value of the TIF District based on the future use (commercial-industrial). The annexation of the Property into the City may impact the County's determination of the base value of the Property for creation of tax increments. • The estimated combined local tax rate is 109.07% based on Pay 2026 tax rates. This rate is used to estimate tax increments. Upon request to the county auditor to certify the TIF District, and the anticipated timing of the request, it is anticipated that the final certified tax rate for the TIF District will be based on the local tax rate for taxes payable in 2027. The County Assessor will set the actual estimated market value of the property. Changes in property values and tax rates will alter the amount of tax increment revenue from year-to-year. The TIF Plan includes estimates for planning purposes only and the actual amounts will vary.
Project Costs, Estimated Source and Uses of Funds,	3.04.2 3.04.3 3.04.4	Tax increment revenue will be used to pay Project Costs related to development of the Property. The TIF Plan provides for the reimbursement of up to $6,849,000 of total estimated Project costs.

Item	Plan Section	Highlights from TIF Plan
Administrative Expense		The Project Costs include $4,400,000 for land acquisition and $2,261,000 for site improvement/preparation costs to be incurred by the Developer and $188,000 for City administrative costs. Reimbursement of Project Costs will be on a pay-go basis. As tax increments are collected by the City upon distribution of taxes from the County, the City will use the available tax increments to reimburse the Developer and itself for actual costs incurred. The terms for payment to the Developer will be detailed in a written contract between the City and the Developer.
Bonded Indebtedness	3.04.6	All payments made by the City will be on a “pay-go” basis payable solely from available tax increments and will not be a general obligation of the City.
Duration	3.04.7	The TIF Plan elects a duration of nine (9) years which is the maximum duration allowed for an economic development district. The estimated month and year of first receipt of tax increment is July 2029. The estimated required decertification date of December 31, 2037 is based on year 2029 as the first year of tax increment collection.

DRAFT

CITY OF BIG LAKE, MINNESOTA

MODIFIED DEVELOPMENT PROGRAM FOR

DEVELOPMENT DISTRICT NO. 1

AND TAX INCREMENT FINANCING PLAN FOR

TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT)

DISTRICT NO. 1-8

(PCA PROJECT)

Proposed to be Adopted by City Council of City of Big Lake, Minnesota

PUBLIC HEARING DATE: ____________, 2026

PLAN APPROVED DATE: ____________, 2026

PLAN CERTIFICATION REQUEST DATE: ___________, 2026

PLAN CERTIFICATION DATE: _______, 2026

northland
Public Finance

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Registered with SEC and MSRB

TABLE OF CONTENTS

ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Big Lake proposes to provide tax increment financing assistance to assist with economic development within the City. This document contains the modified and restated plan for achieving the objectives of the Development Program for Development District No. 1 through the establishment and use of Tax Increment Financing District No. 1-8 to assist with economic development within the City.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. "Authority" means the Big Lake Economic Development Authority.
2. "City" means the City of Big Lake, Minnesota.
3. "City Council" means the City Council of the City.
4. "County" means Sherburne County, Minnesota.
5. "Developer" means Packaging Corporation of America (PCA), the private party undertaking construction in the TIF District, its successors or assigns.
6. "Development" means the construction of an approximate 550,000 square foot manufacturing facility within the TIF District to be used for corrugated product manufacturing.
7. "Development District" means Development District No. 1 in the City, created and established and modified pursuant to and in accordance with the Development District Act.
8. "Development District Act" means Minnesota Statutes, Sections 469.124 through 469.133, as amended and supplemented from time to time.
9. "Development Program" means the modified Development Program for the Development District, as amended and supplemented from time to time, all pursuant to the Development District Act.
10. "Project Area" means the geographic area of the Development District.
11. "Project Costs" means the cost of the development activities that will or are expected to occur within the Project Area or TIF District.
12. "School District" means Big Lake School District (ISD #727).
13. "State" means the State of Minnesota.
14. "Bonds" means general obligation tax increment financing bonds, and other tax increment financing bonds, including pay-as-you-go revenue notes, and interfund loans.
15. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794 as amended, both inclusive.
16. "TIF District" means Tax Increment Financing (Economic Development) District No. 1-8 (PCA Project).
17. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 EXHIBITS

The following exhibits are attached to and by reference made a part of this Development Program and Tax Increment Financing Plan:

Exhibit I:	Present Value Analysis
Exhibit II:	Projected Tax Increment
Exhibit III:	Impact on Other Taxing Jurisdictions
Exhibit IV:	Estimated Tax Increment Over Life of District
Exhibit V:	Map of Development District No. 1 and Tax Increment Financing District 1-8

SECTION 1.04 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc.

ARTICLE II - DEVELOPMENT PROGRAM

SECTION 2.01 OVERVIEW

Article II includes the Modified Development Program for Municipal Development District No. 1.

The City has heretofore established the Development District, initially established in February 1983, and adopted a Development Program therefor pursuant to the Development District Act.

Following the initial establishment, over the years since, at time of establishment of tax increment financing districts within the boundaries of the Development District, various amendments were adopted with respect to the Development Program.

The City previously established Tax Increment Financing (TIF) Districts No. 1 through 7 within Development District No. 1 of which TIF Districts 1-3, 1-4, and 1-5 remain open; the other TIF Districts are decertified.

The City has determined that it is necessary to further amend the Development Program to plan for the establishment and use of Tax Increment Financing District No. 1-8 within the Development District. The amendment includes the enlargement of the boundaries of the Development District to be coterminous with the City's current municipal boundaries.

The modified Development Program amends and restate the Development Program in its entirety.

SECTION 2.02 STATEMENT OF OBJECTIVES

The establishment of the Development District in the City pursuant to the Development District Act is necessary and in the best interests of the City and its residents and is necessary to give the City the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the City in the normal development process.

The City intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Development Program:

1. Provide for the acquisition of land and construction and financing of the private development in the Development District which are necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.
2. Encourage the redevelopment of blighted and under-utilized areas of the City.
3. Facilitate the removal of deteriorated structures and encourage redevelopment in commercial areas providing high levels of property maintenance and private investment.
4. Provide parking needed to support development and encourage use of shared parking to promote additional private development.
5. Build, maintain, improve, and reconstruct public improvements and utilities needed to support development.
6. Promote and secure the prompt and unified development of certain property in the Development District, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
7. Promote and secure additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.

8. Secure the increase in values of property subject to taxation by the City, the School District, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.
9. Promote the concentration of new unified development consisting of desirable industrial and other appropriate development in the Development District so as to maintain the area in a manner compatible with its accessibility and prominence in the City.
10. Encourage the expansion and improvement of local business, economic activity and development, whenever possible.
11. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new buildings.

SECTION 2.03 BOUNDARIES OF DEVELOPMENT DISTRICT

The boundaries of the Development District are depicted in Exhibit V. The boundaries of the Development District shall be coterminous with the municipal boundaries of the City, as may be amended through annexation from time to time.

SECTION 2.04 DEVELOPMENT ACTIVITIES

The City will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the Tax Increment Financing Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the City:

1. The making of studies, planning, and other formal and informal activities relating to the Development Program.
2. The implementation and administration of the Development Program.
3. The rezoning of land within the Development District.
4. The acquisition of property or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Development Program.
5. The preparation of property for use and development in accordance with applicable land use regulations and any development agreement, including demolition of structures, clearance of sites, placement of fill and grading.
6. The resale of property to private parties.
7. The construction or reconstruction of site improvements to property within a tax increment financing district.
8. The construction, improvement and maintenance of parking facilities.
9. The construction, improvement and maintenance of streets, sidewalks, alleys, and public utilities.
10. The issuance of Bonds to finance the Project Costs of the Development Program, and the use of Tax Increments or other funds available to the City to pay or finance the Project Costs of a tax increment financing plan incurred or to be incurred by it pursuant to the Development Program.
11. The use of tax increments to pay debt service on the Bonds or otherwise pay or reimburse with interest the Project Costs of a tax increment financing plan.

SECTION 2.05 PAYMENT OF PROJECT COSTS

The Project Costs and the plan for their payment will be described in the tax increment financing plans. It is anticipated that the Project Costs of the Development Program will be paid primarily from tax increments.

SECTION 2.06 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable land use regulations of the City.

SECTION 2.07 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Development District if created will be created in accordance with the City's comprehensive plan and zoning and subdivision ordinances.

SECTION 2.08 PROPOSED REUSE OF PROPERTY

The Development Program reserves the authority for the City to acquire property and reconvey the same to another entity. All parcels in the Development District are eligible for acquisition. In acquiring land, the City Council will require the execution of a binding development agreement with respect thereto and evidence that Tax Increments or other funds will be available to repay the costs associated with the acquisition. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the City is a party.

SECTION 2.09 ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT

Maintenance and operation of the Development District will be the responsibility of the City Administrator of the City, or designee, who shall serve as administrator of the Development District for the City. The Administrator will administer the Development District and comply with provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the City Council.

SECTION 2.10 AMENDMENTS

The City reserves the right to alter and amend the Development Program, subject to the provisions of State law regulating such action. The City specifically reserves the right to enlarge or reduce the size of the Development District, the Development Program and the Project Costs of the development.

ARTICLE III - TAX INCREMENT FINANCING PLAN

SECTION 3.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act.

SECTION 3.02 PLANNED DEVELOPMENT

3.02.1 Project Description

The Developer proposes to construct an approximate 550,000 square foot manufacturing facility to be used for corrugated product manufacturing. The building will be constructed on private property to be acquired by the Developer. The project is expected to commence by June 30, 2027 and be completed by December 31, 2028.

3.02.2 City Plans and Development Program

In addition to achieving the objectives of the City’s plans and Development Program, the Development is consistent with and works to achieve the development objectives of the City. The TIF Plan conforms to the general plan for development of the City as a whole.

3.02.3 Land Acquisition

The City does not plan to acquire property within the TIF District.

3.02.4 Development Activities

The City plans to enter into a contract for private development with the Developer for the use of tax increments from the TIF District to assist the Development.

3.02.5 Need for Tax Increment Financing

The Development would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The Developer has represented to the City that it could not proceed with the construction of the Development in the TIF District without tax increment assistance to offset the high cost of the land acquisition and site improvements for the Development.

The TIF Plan conforms with the general development plan of the City and will generally complement and serve to implement policies adopted in the City’s comprehensive plan. The Development shall be in accordance with the zoning for the Property and the City’s Planning Commission has determined that the Development is consistent with the comprehensive plan.

The TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise. The Development will be used by the Developer, a private enterprise, for manufacturing, warehousing and distributing products and will afford maximum opportunity for the development of the applicable parcels consistent with the needs of the City. The Development will maximize the potential of an underutilized site and will increase the taxable market valuation of the City and the available manufacturing, warehousing and distribution facilities in the City.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the Development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

SECTION 3.03 TAX INCREMENT FINANCING DISTRICT

3.03.1 Designation

The TIF District is designated Tax Increment Financing (Economic Development) District No. 1-8 pursuant to the TIF Act.

3.03.2 Boundaries of TIF District

The boundaries of the TIF District are shown in Exhibit V. The TIF District encompasses all rights-of-way and abutting roadways to the property within the TIF District. Subject to annexation to be completed prior to the establishment of the TIF District, the following described property will be included within the boundaries of the TIF District. The City anticipates after annexation the two parcels, as described below, may be further combined with the outside boundaries of the TIF District remaining the same. The below-described property consists of a total of 115.19 acres, more or less:

Parcel 1:

The Northeast Quarter of the Northeast Quarter of Section 25, Township 33, Range 28, Sherburne County, Minnesota; and

That part of the Southeast Quarter of the Northeast Quarter and that part of the Northeast Quarter of the Southeast Quarter, all in Section 25, Township 33, Range 28, Sherburne County, Minnesota, described as follows:

Commencing at the Northeast corner of said Section 25; thence South 00 degrees 01 minutes 51 seconds West, assumed bearing along the East line of the Northeast Quarter of said Northeast Quarter, a distance of 1319.25 feet, to the Northeast corner of said Southeast Quarter of the Northeast Quarter, and the point of beginning of the tract of land to be described; thence continuing South 00 degrees 01 minutes 51 seconds West, along the East line of said Southeast Quarter of the Northeast Quarter, a distance of 765.56 feet, to a Northerly line of Minnesota Department of Transportation Right of Way Plat No. 71-5, Sherburne County, Minnesota, according to the recorded plat thereof; thence South 53 degrees 51 minutes 34 seconds West, along said Northerly line, a distance of 24.78 feet; thence South 00 degrees 28 minutes 18 seconds East, a distance of 0.43 feet; thence South 85 degrees 29 minutes 28 seconds West, a distance of 151.61 feet; thence South 00 degrees 01 minutes 51 seconds West, parallel with said East line of said Southeast Quarter of the Northeast Quarter, a distance of 129.04 feet, to said Northerly line; thence South 53 degrees 51 minutes 34 seconds West, along said Northerly line, a distance of 24.83 feet; thence North 36 degrees 08 minutes 26 seconds West, along said Northerly line, a distance of 25.00 feet; thence South 53 degrees 51 minutes 34 seconds West, along said Northerly line, a distance of 1378.46 feet, to the West line of said Northeast Quarter of the Southeast Quarter; thence North 00 degrees 02 minutes 16 seconds East, along said West line of said Northeast Quarter of the Southeast Quarter, a distance of 387.98 feet, to the Northwest corner of said Northeast Quarter of the Southeast Quarter; thence North 00 degrees 02 minutes 23 seconds East, along the West line of said Southeast Quarter of the Northeast Quarter, a distance of 1315.43 feet, to the Northwest corner of said Southeast Quarter of the Northeast Quarter; thence North 88 degrees 53 minutes 19 seconds East, along the North line of said Southeast Quarter of the Northeast Quarter, a distance of 1318.72 feet, to the point of beginning.

Parcel 2:

The Southeast Quarter of the Southeast Quarter of Section 24, Township 33, Range 28, Sherburne County, Minnesota,

EXCEPT a 100 foot strip of land conveyed to the St. Paul, Minneapolis and Manitoba Railway in deed dated April 20, 1880, recorded April 26, 1880;

AND EXCEPT a 25 foot strip of land conveyed to the St. Paul and Northern Pacific Railway in deed dated February 2, 1884, recorded May 31, 1884

3.03.3 Type of District

The TIF District is established as an “economic development” district pursuant to Sections 469.174 subd. 12, and 469.176, subd. 4c of the TIF Act.

The TIF Act allow tax increments from an economic development district as a tax increment financing district that consists of any project or portions of a project which the City finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;

(2) it will result in increased employment in the state;

(3) it will result in preservation and enhancement of the tax base of the state; or

(4) it satisfies the requirements of a workforce housing project under Section 469.176, subd. 4c, paragraph (d) of the TIF Act.

The City finds the Development to be in the public interest because it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality, it will result in increased employment in the state and it will result in preservation and enhancement of the tax base of the state.

Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities;

(6) space necessary for and related to the activities listed in clauses (1) to (5) or

(7) a workforce housing project that satisfies the requirements of Section 496.176, subd. 4c, paragraph (d) of the TIF Act.

The Development will be used for the purpose of manufacturing and 100% of the planned building will be used for this purpose. The Development is a qualified facility and meets the requirements in the TIF Act.

SECTION 3.04 PLAN FOR USE OF TAX INCREMENT

3.04.1 Estimated Tax Increment

The original net tax capacity value of the TIF District will be set by the County upon request for certification. The City intends to file the request for certification of the TIF District before June 30, 2027. As such, the original net tax capacity value will based on valuation as of January 2, 2026 for tax payable in 2027.

For the purposes of the TIF Plan, the estimated original net tax capacity value is $15,930. This is based on the combined estimated taxable market value of the property to be included within the TIF District of $796,500, calculated for commercial-industrial property.

The net tax capacity value of the property after completion of the Development is estimated to be $1,001,000 for tax payable 2030. This is based on a total estimated market value of $50,050,000 with property classified as commercial-industrial. The difference between the net tax capacity value and the original net tax capacity value is $985,070 — the captured tax capacity value for creation of tax increments in 2030. The TIF Plan partial-completion value in 2029 with full value in 2030 for tax increments.

The original net tax capacity rate for the TIF District is estimated at 109.07% for purposes of the TIF Plan, the actual rate will vary. At the time of the certification of the original net tax capacity value for the TIF District, the County will certify the original net tax capacity rate that will apply for the duration of the TIF District. The original net tax capacity rate is the sum of all the local tax rates, excluding that portion of the school rate attributable to the general education levy under Minnesota Statutes section 126C.13, that apply to a property in the TIF District. The original net tax capacity rate to be certified by the County is the rate in effect for the same taxes payable year applicable to the original net tax capacity value.

Under these assumptions, the estimated annual tax increments will be $1,070,508 in tax payable 2030, after completion of the Development. This is an estimate for planing purposes only, the actual amount will vary. The estimated annual tax increments is after deducting for the 0.36% fee payable by the County to the Minnesota Office of the State Auditor. The actual tax increments for the TIF District will vary according to the certified original net tax capacity value and original net tax capacity rate, the actual property value produced by the Development and the year-to-year changes in property value, local property tax rates, and State tax policy over the duration of the TIF District.

The City will retain 100% of the captured tax capacity value for the duration of the TIF district. Exhibit II contains the projected tax increment over the duration of the TIF District.

3.04.2 Project Costs

The City plans to use tax increment to pay the Project Costs. The Project Costs eligible for reimbursement from tax increment pursuant to the TIF Act may include land acquisition, site improvements and preparation costs, utilities, other qualified costs, and costs related to the establishment of the TIF District and other administration costs.

3.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the Public Development Costs of the TIF District, are itemized in Figure 3-1 on page 10. These estimates are based on the best available information for the sources and uses of funds. Such costs are eligible for reimbursement from tax increment from the TIF District. The City reserves the right to administratively adjust the amount of any of the Project Cost line items listed in Figure 3-1, so long as the total “Estimated Tax Increment Project Costs” is not increased, not including interest expense.

The Authority reserves the right to administratively adjust the amount of any of the items listed in Figure 3-1 or to incorporate additional eligible items, so long as the total estimated project/

Figure 3-1
City of Big Lake
Tax Increment Financing District No. 1-8
Projected Tax Increment
Industrial Project

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	$9,396,000
Interest and investment earnings	$25,000
Sales/lease proceeds	$0
Market value homestead credit	$0
Total Estimated Tax Increment Revenues	$9,421,000
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	$4,400,000
Site improvements/preparation costs	$2,261,000
Subtotal	*$6,661,000*
Administrative costs	$188,000
Estimated Tax Increment Project Costs	$6,849,000
Estimated financing costs	
Interest expense	$2,572,000
Total Estimated Project/Financing Costs to be Paid from Tax Increment	$9,421,000
Estimated Financing	
Total amount of bonds to be issued	$6,849,000

financing costs to be paid from tax increment is not increased.

3.04.4 Administrative Expense

The City reserves the right to use up to a maximum of ten percent (10%) of annual tax increment revenues, less fees paid to the State and County on administrative expenses. The City will use these monies to pay for and reimburse the City for costs of administering the TIF District allowed by the TIF Act.

Figure 3-1 above provides the estimated amount of administrative costs to be paid from tax increments. Anticipated administrative expenses of the TIF District include annual audits of the fund for the TIF District, preparation of annual reporting, legal publication of annual reports, and administration of the development agreement. To the extent not covered by other revenue, such as reimbursement from the Developer, the City may also reimburse itself for costs associated with the establishment of the TIF District, including the TIF Plan and preparation of development agreements.

3.04.5 County Road Costs

The Development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

3.04.6 Bonded Indebtedness

The Bonds issued in connection with “any project for which tax increment financing has been undertaken” must be one of the types of bonds expressly authorized by Section 469.178 of the TIF Act. The types of bonds include general obligation bonds supported by tax increment, revenue bonds (including “pay-as-you-go” obligations); and interfund loans or advances.

The total amount of Bonds estimated to be issued to pay Project Costs of the TIF District is shown in Figure 3-1 above. The City will not issue general obligation bonds as a result of the TIF Plan. The City plans to use tax increments to reimburse itself for administrative expense and to reimburse the Developer on a pay-go basis through issuance of a Tax Increment Financing Revenue Note, payable solely from tax increment from the TIF District, for certain Project Costs, with interest payable, all pursuant to terms to be provided in a development agreement.

The City may approve an interfund loan to reimburse itself for administrative expense it will incur for the TIF District. The City may advance or loan money to finance expenditures, under Section 469.176, subd. 4 of the TIF Act, from the general funds of the City or any other legally authorized fund to finance qualified expenditures, subject to the provisions defined in this section of the TIF Act.

3.04.7 Duration of TIF District

The TIF Act allows tax increments to be collected from the TIF District for a period not to exceed eight (8) years from the date of receipt of the first tax increment. The City reserves the right to collect tax increments for this period to undertake eligible activities in the TIF District and the Development District.

Under the current schedule for development, the first tax increment is estimated to be collected in 2029 creating the authority to collect tax increments through December 31, 2037. The City must request decertification of the TIF District after reimbursement of all Project Costs but no later than after the final receipt of tax increments.

While not anticipated, it is possible that increase in net tax capacity value of the property within the TIF District before commencement of the Development, compared to the certified original net tax capacity value, may result in the first collection of tax increments occurring earlier than 2029. The duration of the TIF District is limited by the TIF Act to no longer than 8 years from the date of receipt of the first tax increments. The TIF Act does not provide authority for the City to elect to delay the first year of tax increment collection for an economic development tax increment financing district.

3.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibit III and IV show the estimated impact on other taxing jurisdictions if the maximum projected captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City finds that there will be no adverse impact on other taxing jurisdictions during the duration of the TIF District since the Development would not have occurred without the establishment of the TIF District and the provision of public assistance through tax increment financing. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City anticipates minimal impact of the Development on city-provided services. There will be no borrowing costs to the City for the project. A manageable increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the Development.

3.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The City must include this statement with the request for certification to the County. If building permits had been issued during this time period, then the County would need to increase the original net tax capacity of the TIF District by the tax capacity of each improvement for which a building permit was issued.

ARTICLE IV – ADMINISTERING THE TIF DISTRICT

SECTION 4.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan, the City shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Minnesota Office of the State Auditor.
2. The City will request that the County certify the original net tax capacity and original net tax capacity rate of the TIF District. To assist the County in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.

SECTION 4.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Pursuant to the TIF Act, the following actions can only be approved after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Project Costs.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City Council. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District’s original net tax capacity, or the City agrees that the TIF District’s original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the auditor of the County of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 4.03 FOUR-YEAR KNOCKDOWN RULE

Pursuant to Section 469.176, subd. 6 of the TIF Act, the Four-Year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the auditor of the County, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the auditor of the County that such activity has commenced and the parcel shall once again be included in the TIF District. The auditor of the County shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue of the State, and add such amount to the original net tax capacity of the TIF District.

SECTION 4.04 FIVE YEAR RULE AND SIX YEAR RULE

Pursuant to Section 469.1763, subd. 2 of the TIF Act at least 80% of the total revenue derived from tax increments paid by properties in the TIF District must be expended on activities in the in the TIF District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds.

Not more than 20% of the total revenue derived from tax increments paid by properties in the TIF District may be expended, through a development fund or otherwise, on activities outside of the TIF District but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. All administrative expenses for the TIF District will be considered to be expenditures for activities outside of the TIF District pursuant to requirements within the TIF Act.

Five Year Rule

Revenues derived from tax increments paid by properties in the TIF District that are expended on an activity within the district will instead be considered to have been expended on an activity outside the district for purposes of Section 469.1763, subd. 2 of the TIF Act unless:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification of the district, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) revenues are spent for housing purposes as described by Section 469.1763, subd. 2 of the TIF Act, paragraph (b).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

It is anticipated that all tax increments collected in the TIF District will be spent or obligated before within five years after certification of the TIF District.

Six Year Rule

Pursuant to Section 469.1763, subd. 4 of the TIF Act, beginning with the sixth year following certification of the TIF District, the use of tax increment derived from the Property within the TIF District is further limited. The general concept of the Six Year Rule provides that the TIF District must be decertified when the product of the applicable in-district percentage multiplied by cumulative revenues derived from tax increments paid by properties in the district that have been collected through the end of the calendar year, equals or exceeds an amount sufficient to pay costs and obligations. The City will administer the TIF District in compliance with the Six-Year Rule.

SECTION 4.05 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of state law pursuant to the guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF District on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 4.06 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidies requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995.

Exhibit I

City of Big Lake

Tax Increment Financing District No. 1-8

Present Value Analysis As Required By Section 469.175(3)(2) of the TIF Act

1	Estimated Future Market Value w/ Tax Increment Financing	53,660,374	[1]
2	Payable 2026 Market Value	796,500	
3	Market Value Increase (1-2)	52,863,874	
4	Present Value of Future Tax Increments	6,992,393	
5	Market Value Increase Less PV of Tax Increments	45,871,482	
6	Estimated Future Market Value w/o Tax Increment Financing	862,495	[1]
7	Payable 2026 Market Value	796,500	
8	Market Value Increase (6-7)	65,995	
9	Increase in MV From TIF	45,805,486	[2]

[1] *Assume 1.00% annual appreciation over 9 year life of district.*

[2] *Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.*

Exhibit II

City of Big Lake

Tax Increment Financing District No. 1-8 (Economic Development)

Industrial Project

Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Net Tax Capacity Value	Original Net Tax Capacity Value	Captured Tax Capacity Value	Original Net Tax Capacity Rate	Captured TIF	Less State Fee	Available TIF from District	PV Available TIF
1	2029	24,777,228	495,545	15,930	479,615	109.07%	523,096	(1,883)	521,213	476,132
2	2030	50,050,000	1,001,000	15,930	985,070	109.07%	1,074,376	(3,868)	1,070,508	1,406,928
3	2031	50,550,500	1,011,010	15,930	995,080	109.07%	1,085,294	(3,907)	1,081,387	2,301,876
4	2032	51,056,005	1,021,120	15,930	1,005,190	109.07%	1,096,321	(3,947)	1,092,374	3,162,356
5	2033	51,566,565	1,031,331	15,930	1,015,401	109.07%	1,107,458	(3,987)	1,103,471	3,989,693
6	2034	52,082,231	1,041,645	15,930	1,025,715	109.07%	1,118,706	(4,027)	1,114,679	4,785,162
7	2035	52,603,053	1,052,061	15,930	1,036,131	109.07%	1,130,067	(4,068)	1,125,999	5,549,990
8	2036	53,129,084	1,062,582	15,930	1,046,652	109.07%	1,141,541	(4,110)	1,137,431	6,285,355
9	2037	53,660,374	1,073,207	15,930	1,057,277	109.07%	1,153,130	(4,151)	1,148,979	6,992,393
						TOTAL =	9,429,989	(33,948)	9,396,041	6,992,393

Key Assumptions for Cash Flow:

1. Taxable market value (TMV) annual growth assumption = 1.0%
2. Original Tax Capacity Rate estimated based on Taxes Payable Year 2026.
3. Election for captured tax capacity is 100.00%
4. Original Net Tax Capacity Value is estimated based on an estimate for the TMV of the property within the TIF District = $796,500.
5. Present Value (PV) of Available TIF calculated based on semi-annual payments and rate of 5.0% and dated date 1/1/2028.
6. Assumes projects commences in 2027 and is 50% completed for vaulation as of January 2028 for tax payable in 2029; and 100% completed in 2028 for valuation as of January 2029 for tax payable 2030.
7. Available TIF from District is after deducting the State Fee, payable by the County to the State Auditor's Office.

Exhibit III
City of Big Lake
Tax Increment Financing District No. 1-8
Impact on Other Taxing Jurisdictions
(Taxes Payable 2026)

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	$1,057,277
Payable 2026 Local Tax Rate	109.066%
Estimated Annual Tax Increment	$1,153,130

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Big Lake	15,466,754	1,057,277	6.84%
Sherburne County	172,912,626	1,057,277	0.61%
Big Lake School District (ISD 727)	30,370,295	1,057,277	3.48%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Big Lake	40.080%	36.748%	423,757	2.740%
Sherburne County	38.917%	35.682%	411,461	0.238%
Big Lake School District (ISD 727)	28.783%	26.390%	304,316	1.002%
Other	1.286%	1.179%	13,597	
Totals	109.066%	100.000%	1,153,131	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

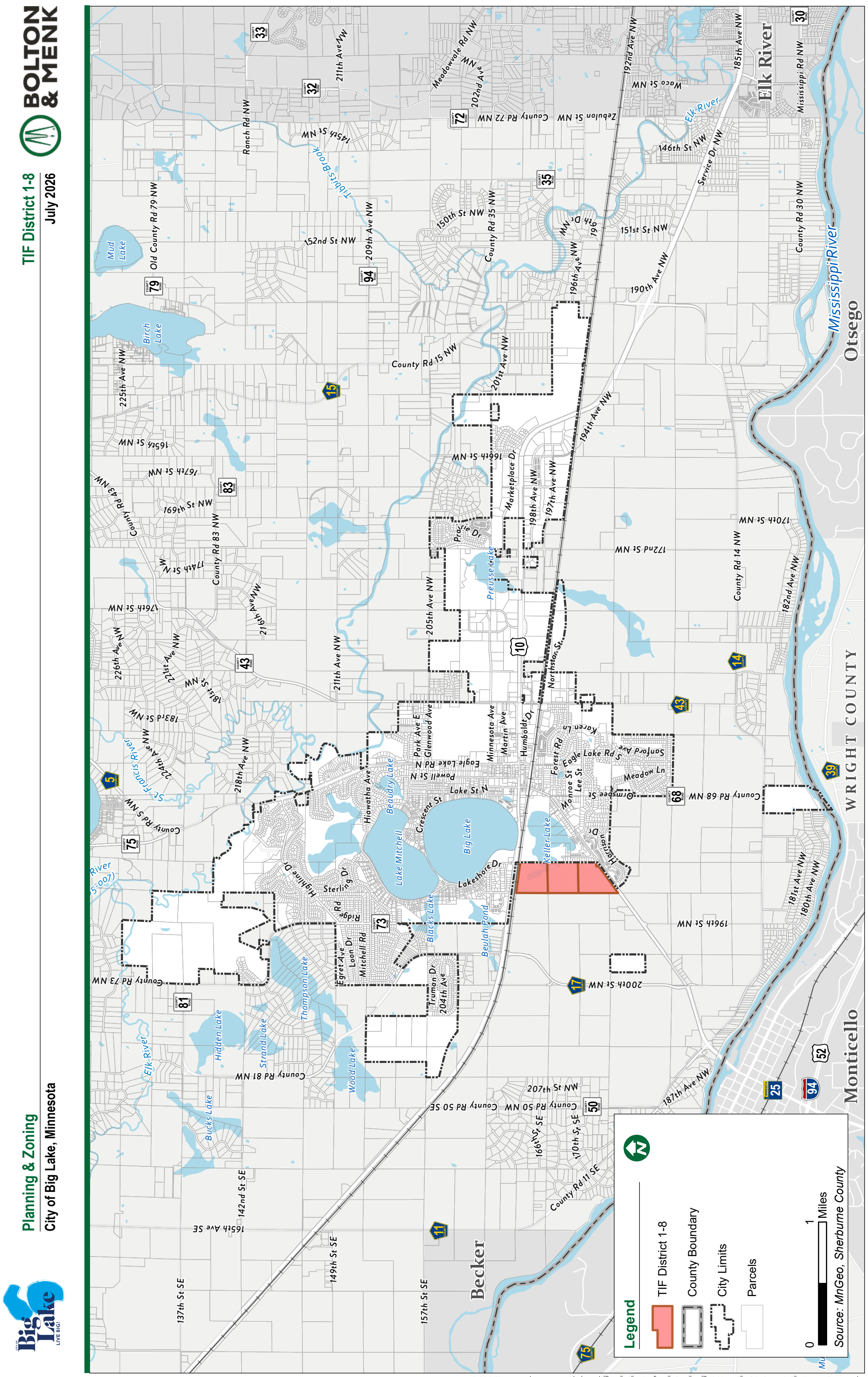
Exhibit IV
City of Big Lake
Tax Increment Financing (Economic Development) District No. 1-8
Industrial Project
Estimated Tax Increments Over Maximum Life of District

TIF District Year	Taxes Payable Year	New Taxable Market Value	Estimated Total Tax Increments	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2029	24,777,228	523,096	192,230	186,652	138,047	6,167
2	2030	50,050,000	1,074,376	394,816	383,360	283,533	12,667
3	2031	50,550,500	1,085,294	398,828	387,255	286,414	12,797
4	2032	51,056,005	1,096,321	402,880	391,190	289,324	12,927
5	2033	51,566,565	1,107,458	406,973	395,164	292,263	13,058
6	2034	52,082,231	1,118,706	411,106	399,177	295,231	13,192
7	2035	52,603,053	1,130,067	415,281	403,231	298,230	13,325
8	2036	53,129,084	1,141,541	419,498	407,325	301,258	13,460
9	2037	53,660,374	1,153,130	423,757	411,461	304,316	13,596
Total			9,429,989	3,465,369	3,364,815	2,488,616	111,189

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected.

EXHIBIT V

Boundaries of Development District No. 1 and Tax Increment Financing District No. 1-8
Boundaries Include All Adjacent Rights-of-Way and Abutting Roadways



Establishment of Big Lake Tax Increment Financing (TIF) Economic Development District No. 1-8

City Council Public Hearing

September 16, 2026

What’s Being Proposed

Packaging Corporation of America (PCA) has requested TIF assistance to construct a major manufacturing facility in Big Lake

Item	Detail
Facility Size	~550,000 sq. ft.
Use	Corrugated product manufacturing
Total Project Cost	$250M
Location	Near U.S. Highway 10 & Lake Street
Site Size	~115.19 acres
Construction Start	By June 30, 2027
Completion	By December 31, 2028

Why TIF? The “But For” Finding

The project would not occur without City assistance

- PCA has represented that without TIF assistance to offset land acquisition and site improvement costs, the project cannot proceed

- PCA's own words:

  "*Incentives such as TIF assistance improve the ROI for a given capital project, thereby increasing its chances of Board approval.*"

- To establishment the TIF District, the City must find that the Development:
  - ✓ Discourages industry from relocating out of state
  - ✓ Results in increased employment in Minnesota
  - ✓ Preserves and enhances the state's tax base

Community Benefits

Tax Base and Jobs Created by PCA

Job Type	Number	Pay Range
Hourly	100	$25–$45/hr (before benefits)
Salaried	25	—

Additional Benefits:

- ❑ Significant increase in the City's taxable market value
- ❑ Expands manufacturing and industrial capacity in Big Lake
- ❑ Develops an underutilized, currently unoccupied site
- ❑ Positive long-term impact on all taxing jurisdictions once the district is decertified

How does TIF Work?

Tax Increment Financing captures the increase in property taxes generated by new development

BEFORE DEVELOPMENT	AFTER DEVELOPMENT
Property Value: $796,500 (estimated value)	Property Value: $50 million (estimated value)
	↑
	Tax Increment = Taxes on the INCREASE in value (captured for up to 9 years)

- ❑ The original tax base continues flowing to all taxing jurisdictions
- ❑ Only the new increment is captured by the City
- ❑ After decertification, the full value benefits all taxing jurisdictions

TIF District at a Glance

Item	Detail
District Type	Economic Development
Parcels Included	3 parcels (post-annexation & platting)
Original Net Tax Capacity (NTC)	~$15,930
Estimated Post-Development NTC	~$1,001,000
Captured Tax Capacity	100%
Estimated Annual Tax Increments (2030)	~$1,071,000 (after full development)
Maximum Duration	9 years
First Increment Estimated	July 2029
Required Decertification	December 31, 2037

Estimated Sources & Uses of Funds

Total TIF Revenue Over Life of District ~ $9.4 Million

Source	Amount
Tax Increment from County	$9,396,000
Interest & Investment Earnings	$25,000
Total	**$9,421,000**

How the Funds Are Used:

Use	Amount
Land Acquisition	$4,400,000
Site Improvements / Preparation	$2,261,000
Administrative Costs	$188,000
Subtotal — Project Costs	**$6,849,000**
Interest Expense	$2,572,000
Total	**$9,421,000**

How with the City Pay PCA?

Pay-As-You-Go (Pay-Go) Structure — No General Obligation Risk to the City

- City issues a Tax Increment Revenue Note to PCA
- Principal amount: up to $6,661,000 or $12.11 per square foot if the final building size is less than 550,000 square feet
- Interest rate: 5.5% per annum (simple, non-compounding)
- Payments begin: August 1, 2029
- Payment schedule: Semi-annual (February 1 & August 1 through February 1, 2038)
- Payments made solely from available tax increments — not a City general obligation
- City retains 2% of tax increments; 98% flows to Note payments

Impact on Other Taxing Jurisdictions

No adverse impact is anticipated during the life of the district — the development would not have occurred without TIF

Estimated Annual Tax Increment Share (at full development):

Jurisdiction	Share of Increment
City of Big Lake	~$423,757 (36.7%)
Sherburne County	~$411,461 (35.7%)
Big Lake School District (ISD #727)	~$304,316 (26.4%)
Other	~$13,597 (1.2%)

- Once the district is decertified in 2037, all jurisdictions benefit from the estimated full $50M+ tax base

northland

Approval and Process Timeline

Milestone	Estimated Date
BLEDA considers recommendation	August 10, 2026
Notice to County & School District	August 17, 2026
Public Hearing	September 16, 2026
City Council Adoption (*subject to annexation*)	September 16, 2026
TIF Certification Request to County	Before June 30, 2027
Construction Commences	By June 30, 2027
Construction Completed	By December 31, 2028
First Tax Increment Received	July 2029
TIF District Decertification	December 31, 2037

Key Compliance Requirements

City will administer the TIF District in compliance with Minnesota TIF statutes

- **Four-Year Knockdown Rule** — Development activity must commence on all parcels within 4 years of certification
- **Five-Year Rule** — Tax increments must be spent or obligated within 5 years of certification
- **Six-Year Rule** — District must be decertified once cumulative obligations are satisfied
- **Annual Reporting** — Report submitted to the Office of the State Auditor by August 1 each year
- **Business Subsidy Compliance** — Per MN Statutes §116J.993–116J.995, including job and wage goals

Summary

The proposed TIF District supports a transformational industrial project for Big Lake

- ~550,000 sq. ft. manufacturing facility
- $250M private investment
- 125 new jobs at strong wages
- $45.8M increase in taxable market value (*market value increase less present value of tax increments)*
- No general obligation debt risk to the City
- Long-term tax base benefit for all jurisdictions

This presentation is based on the Draft TIF Plan and Northland Securities Memorandum dated August 3, 2026. All figures are estimates for planning purposes and actual amounts will vary.

Thank You

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800-851-2920
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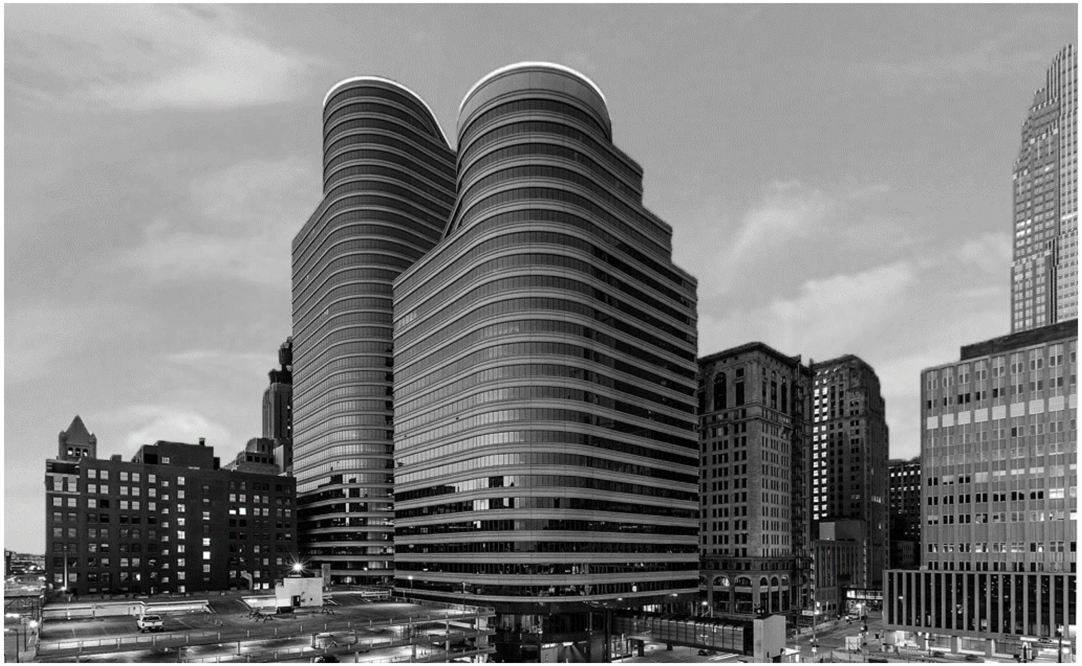

AGENDA ITEM
Big Lake Economic Development Authority

Prepared By: Deb Wegeleben, BLEDA Assistant Treasurer	*Meeting Date:* 8/10/2026	*Item No.* **6B**
Item Description: 2027 BLEDA Budget and Proposed Special Benefit Levy	***Reviewed By:*** *Marie Pflipsen, Community Development Director/BLEDA Executive Director*	
	Reviewed By: *Hanna Klimmek, City Administrator*	

ACTION REQUESTED

Motion to Approve a **RESOLUTION** Authorizing the Proposed 2027 Special Benefit Levy and Approve the Proposed Budget for Fiscal Year 2027.

BACKGROUND/DISCUSSION

2027 Big Lake Economic Development Authority (BLEDA) Budget Summary

The proposed **2027 Special Benefit Levy is $10,000**, representing a **$150,000 reduction** from the 2026 levy. Staff is also proposing to maintain the levy at **$10,000 for 2028**, with a planned increase to **$100,000 annually beginning in 2029 through 2032**.

The temporary reduction in the Special Benefit Levy during 2027 and 2028 reflects BLEDA's contribution toward the City's Public Safety Facility debt service by reducing its portion of the overall property tax levy during the first two years of debt repayment. Beginning in 2029, the proposed increase to $100,000 annually will allow BLEDA to resume contributing toward the Public Safety Facility debt service while continuing to support its economic development mission.

The proposed **2027 revenue budget totals $13,928**, a decrease of **$148,500** from the prior year due primarily to the reduction in the Special Benefit Levy. The reduction in BLEDA's levy helps offset the increase required in the City's Lease Revenue Bond levy. Because both levies are supported by the same taxpayers, this strategy minimizes the overall property tax impact while preserving BLEDA's financial flexibility for future economic development opportunities.

Budget Strategy

BLEDA's primary focus over the next several years will be marketing and facilitating the redevelopment of the current City Hall property once the new Public Safety Facility is occupied. As a result, staff is not recommending that BLEDA actively pursue redevelopment property acquisitions during 2027 and 2028.

Should a significant economic development opportunity arise that requires BLEDA to acquire property or provide financial assistance, the City Council may appropriate additional funds to BLEDA if warranted.
In addition, funding for remediation of the Foley property has already been programmed within the City's Capital Improvement Program under **Fund 199 – Repair and Maintenance**. Therefore, BLEDA is not anticipated to have significant cash flow needs related to that project during the next two budget years.

Expenditure Overview

The proposed **2027 expenditure budget totals $132,489**, while the **2028 planning expenditure budget totals $126,555**.

Major budget changes include:

Personnel (+$3,372 or 8%)

- Reflects the proposed wage and fringe benefit adjustments for 2027.
- BLEDA continues to fund **25% of the Executive Director's wages and fringe benefits**, with the remaining 75% allocated to the General Fund.

Commodities & Services (-$10,536)

- Decreased operating expenses reflect the anticipated vacancy of the current City Hall building following occupancy of the new Public Safety Facility.
- Reductions are primarily associated with lower utility, maintenance, custodial, and other building operating costs.

Marketing

- Funding is maintained to support economic development marketing efforts, with an emphasis on promoting redevelopment of the current City Hall property.

Training

- Funding is maintained to provide professional development opportunities for the Executive Director and BLEDA Board.

Transfers (Unchanged at $50,000)

- Continues the annual transfer to the Sewer Fund to repay the interfund loan that financed infrastructure improvements within the Industrial Park.
- This repayment remains an important component of BLEDA's long-term financial plan.

Fund Balance

Any budget appropriations not expended during the year remain within the BLEDA fund balance, strengthening available cash reserves for future economic development initiatives. Maintaining these reserves provides BLEDA with the flexibility to respond to future development opportunities without maintaining a higher annual levy.

FINANCIAL IMPACT

The proposed **2027 BLEDA Budget** includes **estimated revenues of $13,928** and **appropriations of $132,489**. The proposed **Special Benefit Levy of $10,000** is a reduction of **$150,000** from the 2026 levy. The temporary reduction in the levy for 2027 and 2028 helps offset the increase in the City's Lease Revenue Bond levy associated with the Public Safety Facility debt service, minimizing the overall property tax impact to taxpayers.

The budget continues to fund BLEDA's core economic development activities, including 25% of the Executive Director's wages and fringe benefits, marketing and training activities, and the annual **$50,000 transfer to the Sewer Fund** for repayment of the Industrial Park infrastructure interfund loan.

Any budget appropriations not expended during the year will remain in the BLEDA Fund, increasing available cash reserves for future economic development opportunities.

STAFF RECOMMENDATION

Staff recommends adoption of the **Resolution Authorizing the Proposed 2027 Special Benefit Levy and Approving the Proposed Budget for Fiscal Year 2027**.

The proposed budget temporarily reduces the Special Benefit Levy for 2027 and 2028 to help offset the increased property tax levy required for the Public Safety Facility debt service while maintaining BLEDA's core economic development activities. The budget continues funding for the Executive Director, marketing, training, and repayment of the Industrial Park infrastructure interfund loan, preserves fund balance for future economic development opportunities, and establishes a long-term funding strategy that increases the Special Benefit Levy to **$100,000 annually beginning in 2029** as BLEDA resumes contributing toward the Public Safety Facility debt service.

ATTACHMENTS

Resolution
2027 BLEDA Preliminary Budget Summary
2027 BLEDA Preliminary Budget Detail
2027 BLEDA Budget Book

CITY OF BIG LAKE
MINNESOTA

A general meeting of the Economic Development Authority of the City of Big Lake, Minnesota, was called to order by President Alan Heidemann at 5:30 p.m. at the Big Lake City Council Chambers, Big Lake, Minnesota, on Monday, August 10, 2026. The following Board Members were present: Donna Clarksean, Alan Heidemann, Ken Geroux, Paul Knier, Kristopher Knodle, Kathy Parsons and Jake Rohrbeck. A motion to adopt the following resolution was made by Commissioner and seconded by Commissioner .

ECONOMIC DEVELOPMENT AUTHORITY
FOR THE CITY OF BIG LAKE
COUNTY OF SHERBURNE
STATE OF MINNESOTA

RESOLUTION NO. 2026-04

AUTHORIZING THE PROPOSED LEVY OF A SPECIAL BENEFIT LEVY PURSUANT TO MINNESOTA STATUTES, SECTION 469.033, SUBDIVISION 6 AND APPROVAL OF A PROPOSED BUDGET FOR FISCAL YEAR 2027

WHEREAS, pursuant to Minnesota Statutes, Section 469.090 to 469.108 (the “EDA Act”), the City Council of the City of Big Lake created the Big Lake Economic Development Authority (the "Authority"); and

WHEREAS, pursuant to the EDA Act, the City Council granted to the Authority all of the powers and duties of a housing and redevelopment authority under the provisions of the Minnesota Statutes, sections 469.001 to 469.047 (the "HRA Act"); and

WHEREAS, Section 469.033, Subdivision 6 of the HRA Act permits the Authority to levy and collect a special benefit levy of up to .0185 percent of the previous year's (Pay 2026) taxable market value in the City upon all taxable real property within the City; and

WHEREAS, the Authority desires to levy a special benefit levy in the amount of up to .0185 percent of taxable market value in the City for taxes payable in 2027; and

WHEREAS, pursuant to Minnesota Statutes, Section 275.065, the Authority is required to adopt a proposed budget and a proposed tax levy and submit the same to the County Auditor by September 30; and

WHEREAS, the Authority has before it for its consideration a copy of a proposed budget for its operations for the fiscal year 2027 and the amount of the proposed levy for collection in 2027 shall be based on this budget, subject to any adjustments in the budget as finally approved prior to certification of the final special benefit levy;

NOW, THEREFORE, be it resolved by the Board of Commissioners of the Big Lake Economic Development Authority:

1. The proposed budget of $132,489 for the operations of the Authority in fiscal year 2027, as presented for consideration by the City Council, is hereby in all respects approved, subject to final approval by the Authority before certification of the tax levy under Minnesota Statutes, Section 275.07.

2. Staff of the Authority are hereby authorized and directed to file the proposed budget with the City in accordance with Minnesota Statutes, Section 469.033, Subdivision 6.

3. The proposed special benefit levy pursuant to Minnesota Statutes, Section 469.033, Subdivision 6, is hereby approved in an amount not to exceed $10,000 with respect to taxes payable in calendar year 2027, subject to final approval by the Authority before certification of the special benefit levy pursuant to Minnesota Statutes, Section 275.07.

4. Staff of the Authority are hereby authorized and directed to seek the approval by resolution of the City Council of the levy of special benefit taxes in 2027 and to take such other actions as are necessary to bring before the Board the final budget and levy by no later than December 28, 2026.

Approved this 10th day of August, 2026, by the Economic Development Authority of the City of Big Lake.

____

Alan Heidemann, President

ATTEST:

____

Marie Popp, Executive Director

The following Board Members voted in favor: Clarksean, Geroux, Heidemann, Knier, Knodle, Parsons, and Rohrbeck.

The following Board Members abstained: none.

Whereupon the motion was duly passed and executed.

STATE OF MINNESOTA)
) ss.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this 10th day of August 2026 by Alan Heidemann and Marie Popp, the President and Executive Director of the Big Lake Economic Development Authority, a public body politic and corporate, on behalf of the Authority.

____

Notary Public

City of Big Lake
Economic Development Fund 275

Revenue Budget

2027 LEVY AMOUNT - $10,000			**Levy $130K**	**Levy $130K**	**Levy $160K**	**Levy $10K**	**2026-2027**		**Levy $10K**	**Levy $100K**	**Levy $100K**	**Levy $100K**	**Levy $100K**
Account Number	**Description**	**2023 Actual**	**2024 Actual**	**2025 Actual**	**2026 Budget**	**2027 Budget**	**$ Change**	**% Change**	**2028 Planning Budget**	**2029 Concept Budget**	**2030 Concept Budget**	**2031 Concept Budget**	**2032 Concept Budget**
275-000-3101	RE & PP Taxes-Current	129,195	$ 129,171	$ 129,219	$ 158,400	$ 9,900	$ (148,500)	-93.75%	$ 9,900	$ 99,000	$ 99,000	$ 99,000	$ 99,000
275-000-3102	RE & PP Taxes-Delinquent	665	653	976	400	400	-		400	400	400	400	400
275-000-3940	Lease/Rental/CAM	15,733	21,165	21,830	-	-	-		-	-	-	-	-
275-000-3990	Loan Interest Revenue	-		-	-	1,128	1,128	100.0%	1,030	928	820	707	589
275-000-3991	Leases Interest Revenue	1,267	2,835	2,170	-	-	-		-	-	-	-	-
275-000-3999	Interest Earned	15,879	12,398	6,646	2,500	2,500	-		2,500	2,500	2,500	2,500	2,500
	Total Revenues	**$ 162,739**	**$ 166,222**	**$ 160,841**	**$ 161,300**	**$ 13,928**	**$ (147,372)**	-91.37%	**$ 13,830**	**$ 102,828**	**$ 102,720**	**$ 102,607**	**$ 102,489**
							-						

Projected Cash Flow Change	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Beginning Cash Balance	$ 767,123	$ 402,637	$ 263,670	$ 256,554	$ 590,082	$ 473,538	$ 364,428	$ 345,635	$ 323,443	$ 297,646
Projected Excess Revenue	(22,806)	11,183	(7,116)	18,746	(118,561)	(111,225)	(21,011)	(24,518)	(28,235)	(32,174)
Land Purchase Expense	(340,015)	(150,000)	-	150,000	-	-	-	-	-	-
Revolving Loand Fund Payment				-	2,017	2,115	2,218	2,325	2,438	2,557
Proceeds from Sale of Assets/Land	-	-	-	164,782	-	-	-	-	-	-
Projected Ending Cash	**$ 404,302**	**$ 263,820**	**$ 256,554**	**$ 590,082**	**$ 473,538**	**$ 364,428**	**$ 345,635**	**$ 323,443**	**$ 297,646**	**$ 268,029**

Expenditure Budget

Account Number	**Description**	**2023 Actual**	**2024 Actual**	**2025 Actual**	**2026 Budget**	**2027 Budget**	**$ Change**	**% Change**	**2028 Planning Budget**	**2029 Concept Budget**	**2030 Concept Budget**	**2031 Concept Budget**	**2032 Concept Budget**
275-000-00-05-4002	Wages	32,051	$ 30,183	$ 31,995	$ 36,069	$ 37,506	$ 1,437	3.98%	$ 39,756	$ 42,142	$ 44,670	$ 47,350	$ 50,191
275-000-00-05-4008	Insurance Benefits (er)	4,610	4,441	3,911	4,991	6,694	1,703	34.12%	7,096	7,521	7,973	8,451	8,958
275-000-00-05-4009	HSA Accounts	-	-	417	250	250	-		750	750	750	750	750
275-000-00-05-4010	F.I.C.A./Medicare (er)	2,375	2,227	2,189	2,760	2,870	110	3.99%	3,041	3,224	3,417	3,622	3,840
275-000-00-05-4012	P.E.R.A. (er)	2,404	2,130	2,400	2,706	2,814	108	3.99%	3,181	3,371	3,574	3,788	4,015
275-000-00-05-4021	PFMLA	-	-	-	160	174	14	8.75%	188	206	229	255	284
275-000-00-20-4140	Audit	604	1,214	762	1,200	2,000	800	66.67%	2,000	2,000	2,000	2,000	2,000
275-000-00-20-4150	Engineering	8,026	32,730	8,456	250	50	(200)	-80.00%	50	50	50	50	50
275-000-00-20-4170	Legal	9,302	1,995	420	6,000	2,000	(4,000)	-66.67%	500	500	500	500	500
275-000-00-20-4180	Other Consultants	26,650	4,889	27,232	5,000	5,000	-		500	500	500	500	500
275-000-00-25-4120	Real Estate Taxes	2,758	1,874	2,268	2,758	2,514	(244)	-8.85%	-	-	-	-	-
275-000-00-25-4134	Website	250	250	250	250	250	-		250	250	250	250	250
275-000-00-25-4209	Recording Fees	2,879	1,061	-	500	-	(500)	-100.00%	-	-	-	-	-
275-000-00-25-4212	Other Operations Expenses	76	21	23	50	25	(25)	-50.00%	25	25	25	25	25
275-000-00-25-4215	Uniforms/Clothing	-	26	-	100	100	-		100	100	100	100	100
275-000-00-25-4217	Cleaning Services	-	1,614	5,374	1,700	-	(1,700)	-100.00%	-	-	-	-	-
275-000-00-25-4220	Advertising	1,569	1,060	98	2,000	100	(1,900)	-95.00%	100	100	100	100	100
275-000-00-25-4225	Sanitation/Garbage Removal	2,895	3,886	4,896	-	-	-		-	-	-	-	-
275-000-00-25-4235	Postage	-	-	-	25	25	-		25	25	25	25	25

Account Number	Description	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	$ Change	% Change	2028 Planning Budget	2029 Concept Budget	2030 Concept Budget	2031 Concept Budget	2032 Concept Budget
275-000-00-25-4238	Training - BLEDA	1,409	370	1,593	1,500	1,550	50	3.33%	1,550	1,550	1,550	1,550	1,550
Detail List	*Training - Edam Conference*	1,409	370	1,368	1,250	1,300	50	4.00%	1,300	1,300	1,300	1,300	1,300
	Training - Brownfield	-	-	225	250	250	-		250	250	250	250	250
275-000-00-25-4240	Travel/Mileage	73	56	209	150	150	-		150	150	150	150	150
275-000-00-25-4243	Meals	21	57	-	100	100	-		100	100	100	100	100
275-000-00-25-4250	Liability Insurance		800	3,213	3,195	3,417	223	6.97%	3,417	1,000	1,000	1,000	1,000
275-000-00-25-4257	Contractors Hired	-	-	-	100	-	(100)	-100.00%	-	-	-	-	-
275-000-00-25-4540	Repair/Maintenance Bldg Held	1,134	101	2,474	1,500	-	(1,500)	-100.00%	-	-	-	-	-
275-000-00-25-4570	Electricity	5,364	5,382	6,996	3,600	1,000	(2,600)	-72.22%	1,000	-	-	-	-
275-000-00-25-4580	Natural Gas	712	2,243	4,556	3,240	1,000	(2,240)	-69.14%	1,000	-	-	-	-
275-000-00-25-4590	Water/Sewer Utilities	4,021	6,425	7,587	2,400	2,400	-		1,275	1,275	1,275	1,275	1,275
275-000-00-26-4222	Marketing - Communications	3,750	-	638	10,000	10,500	500	5.00%	9,000	9,000	9,000	9,000	9,000
	Marketing -Communications - Site Selectors Conference (2)					8,500	8,500	100.0%	7,000	7,000	7,000	7,000	7,000
	Marketing -Communications - "Big Lake Opportunity Guide" (inhouse)					2,000	2,000	100.0%	2,000	2,000	2,000	2,000	2,000
275-000-00-71-4612	Transfer to FUND 141 - Specials	46,362	50,000	50,000	50,000	50,000	-		50,000	50,000	50,000	50,000	50,000
	Total Expenditures & Transfers	**$ 185,545**	**$ 155,039**	**$ 167,957**	**$ 142,554**	**$ 132,489**	**$ (10,064)**	-7.06%	**$ 125,055**	**$ 123,839**	**$ 127,238**	**$ 130,842**	**$ 134,663**
	Excess Revenues/(deficit)	(22,806)	11,183	(7,116)	18,746	(118,561)	43,452		(111,225)	(21,011)	(24,518)	(28,235)	(32,174)

Special Revenue Fund - Economic Development Authority - Levy $10,000

Levy for 2027 - $10,000

Revenue Budget	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	$ Change (2026-2027)	% Change (2026-2027)
Property Taxes	$ 129,860	$ 129,824	$ 130,195	$ 158,800	$ 10,300	$ (148,500)	-93.51%
Lease/Rental	15,733	21,165	21,830	-	-	-	
Lease Interest	1,267	2,835	2,170	-	-	-	
Interest Earned	15,879	12,398	6,646	2,500	2,500	-	0.00%
Total - Revenues:	**$ 162,739**	**$ 166,222**	**$ 160,841**	**$ 161,300**	**$ 12,800**	**$ (148,500)**	-92.06%
Expenditure Budget							
Employee Services (Personnel)	$ 41,440	$ 38,985	$ 40,912	$ 46,936	$ 50,308	$ 3,372	7.18%
Contractual Services	44,582	40,828	36,870	12,450	9,050	(3,400)	-7.63%
Commodities & Services	50,820	25,226	39,537	23,168	12,631	(10,536)	-45.48%
Marketing	3,750	-	638	10,000	10,500	500	13.33%
Transfer Out	46,362	50,000	50,000	50,000	50,000	-	0.00%
Total - Expenditures	**$ 186,954**	**$ 155,039**	**$ 167,957**	**$ 142,554**	**$ 132,489**	**$ (10,064)**	-7.06%
		-	-	-	-	-	
Excess Revenues/(deficit)	**$ (24,215)**	**$ 11,183**	**$ (7,116)**	**$ 18,746**	**$ (119,689)**	**$ (138,436)**	

Budget Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2029**	**2030**
Projected Cash Flow Change	**$ 263,820**	**$ 256,704**	**$ 590,232**	**$ 471,671**	**$ 358,946**	**$ 358,946**	**$ 332,929**
Projected Excess Revenue/(deficit)	**(7,116)**	**18,746**	**(118,561)**	**(112,725)**	**(22,511)**	**(26,018)**	**2,438**
Change in Assets/Current Liabilities	**-**	**314,782**	**-**	**-**	**-**	**-**	**-**
Projected Ending Cash	**$ 256,704**	**$ 590,232**	**$ 471,671**	**$ 358,946**	**$ 336,435**	**$ 332,929**	**$ 335,367**

Big Lake Economic Authority Budget
2027 Budget
and
2028-2032 Planning/Concept Budgets

City of Big Lake
160 Lake Street North
Big Lake, MN 55309
Phone: (763) 263-2107
Website: www.biglakemn.org

2027 Budget adopted by City Council December 16, 2026

Table of Contents

What is the Economic Development Authority Fund

The City of Big Lake Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the City of Big Lake EDA (BLEDA) is reported as if it were part of the primary government because it provides services exclusively for the City of Big Lake.

The EDA was granted authority under an enabling resolution originally passed in 1990 by the City of Big Lake. Minnesota Statute 469 details the authorized activities the EDA may participate in. The resolution establishing the City of Big Lake EDA identifies any conditions or limitations to the statutorily allowed powers of the EDA.

The Minnesota Legislature granted Cities the power to create economic development authorities in 1987, By giving Cities this ability they can promote economic growth. An EDA is created to facilitate a well-rounded development program by taking advantage of all of the HRA powers. In addition, EDA's are authorized to exercise the powers of Cities in connection with City development districts and powers of municipalities or development agencies in connection with municipal industrial development. By consolidating the powers of economic and housing development into one body, City officials are not only able to focus development on blighted areas but, also create programs that will prevent blight from occurring elsewhere within the community. By combining and utilizing HRA, EDA and City powers, community leaders are able to create flexible business assistance and development programs, EDA's for example, are allowed, to buy and sell property.

Big Lake Economic Development Authority (BLEDA) meets monthly to review current development and future economic goals throughout the City. BLEDA provides recommendations to the City Council to aid in the decision-making processes of the council. The mayor and City Council appoint members of the board.

Basis of Accounting

The accounting system provides for a complete, self-balancing account group for each fund of the City. Accounting records are maintained on the modified accrual basis for the governmental type funds. The modified accrual basis of accounting recognizes revenues to the degree that they are available to finance expenditures of the fiscal period. Similarly, debt service payments and a number of specific accrued liabilities are only recognized as expenditures when payment is due because it is only at that time that they are liquidated with expendable available financial resources. The budgetary basis of accounting is the same basis of accounting used to prepare the City's financial statements as included in the City's Annual Comprehensive Financial Report at the fund statement level.

The full accrual basis of accounting is utilized for the proprietary type funds as defined in the notes to the City's financial statements. The full accrual basis of accounting recognizes revenues as they are earned and expenses as soon as a liability is incurred, regardless of related cash inflows and outflows. For budget purposes the funds use the accrual basis except for capital assets and debt payments which are budgeted on a modified accrual basis within each finance plan. Depreciation is included in the finance plan; however principal debt payments are just noted at the bottom of the finance plan.

Budgetary Controls

A budgetary system of accounts is maintained for all budgeted funds. Control is maintained by the monthly review of actual expenditures compared to budgeted amounts. Budgetary activity is monitored to ensure that total expenditures are within budgetary allocations. For the past several years, budgeted expenditures have been within approximately 98% of the budget. The budgetary level of control is at the fund level. There is a budget amendment process for unplanned expenditures and revenues and all amendments are presented to the City Council throughout the year for approval, at the direction of the Finance Director.

Internal Controls

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgements by management. All internal control evaluations occur within the above framework. The Finance Department believes the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Long-Term Approach to Financial Management

One of the strengths of the Council's budgeting process is that it considers budget data not only for the upcoming year but also projections for subsequent years. Council understands that decisions it makes today will have a financial impact not just on next year's budget, but also for the future. Council strives to keep its focus on the policy level – the big picture – and to rely on staff to carry out its policy goals effectively and efficiently with the resources provided. The Council's vision reflects the commitment to keep Big Lake a thriving community – a great community to live and work. Staff ties all recommendations the are brought forth for approval to the Council adopted Strategic Plan, as this plan guides staff's work.

The Five-Year Plans prepared for each City Fund are intended to provide information on the fund's present financial condition, including the impact of prior actions and decisions and plans, as well as projections for the fund's performance over the next years. The Plans are a source of information for the Council to identify where the need or desire for policy change may exist. Below are key issues by fund detailing assumption for long-term planning.

EDA Fund Financial Plan

The Five-Year Financial Plan for the Big Lake Economic Development Authority (BLEDA) reflects a shift in funding priorities while maintaining the Authority's long-term financial sustainability.

For 2027 and 2028, the proposed Special Benefit Levy is **$10,000** each year. The temporary reduction in the levy reflects BLEDA's contribution toward the City's Public Safety Facility debt service by reducing its portion of the overall property tax levy during the first two years of debt repayment.

Beginning in **2029**, the financial plan includes increasing the Special Benefit Levy to **$100,000 annually**. This increase allows BLEDA to resume contributing toward the Public Safety Facility debt while continuing to support economic development initiatives.

During the next several years, BLEDA's primary focus will be marketing and facilitating redevelopment of the current City Hall property once the new Public Safety Facility is occupied. Because of this strategic focus, staff does not anticipate the need for significant property acquisition funding during 2027 or 2028.

Should a significant redevelopment opportunity arise, the City Council may appropriate additional funds to BLEDA if necessary. In addition, remediation costs for the Foley property have already been programmed within the City's Capital Improvement Program, eliminating any anticipated BLEDA cash flow needs related to that project during the next two budget years.

Economic Development Fund – Fund 275

The Big Lake Economic Development Authority (EDA) Fund was created by the City Council in 1990. The EDA Fund accounts for the general activities of the EDA. The City Council appoints the seven members to serve as Board Commissioners, two of which are members of the City Council. The remaining five members are members of the community.

Under Minnesota Statutes Chapter 469-Economic Development, cities may establish an EDA, including approval for the EDA to serve as a Housing and Redevelopment Authority (HRA). The maximum general operational levy of HRAs allowed under State law is 0.185% of the taxable market value. The authorizing Statue permits the EDA to levy and collect a special benefit levy.

State law provides that expenditures maybe made from the EDA Fund based on the following criteria: 1) the EDA appropriates the funds as part of the annual budget, and/or 2) the EDA authorizes any amendment to the EDA budget outside of the annual appropriation process.

Source of Funds

The principal sources of revenue for the BLEDA Fund are the Special Benefit Levy and interest earned on fund balances.

The proposed financial plan reduces the Special Benefit Levy from **$160,000 in 2026** to **$10,000 in both 2027 and 2028**. Beginning in **2029**, the levy is planned to increase to **$100,000 annually**.

The temporary reduction in the levy offsets a portion of the increased property taxes required for the Public Safety Facility debt service while preserving BLEDA's existing fund balance. This strategy minimizes the overall tax impact on property owners while maintaining sufficient resources to carry out BLEDA's economic development mission.

The Executive Director allocation remains at **25% charged to BLEDA and 75% to the General Fund**, reflecting the estimated time dedicated to BLEDA activities.

Use of Funds

The 2027 budget continues to provide funding for:

- 25% of the Executive Director's wages and fringe benefits.
- Marketing and business attraction activities.
- Professional development and training.
- Annual transfer of **$50,000** to the Sewer Fund for repayment of the Industrial Park infrastructure interfund loan.
- Operating expenses are associated with BLEDA activities.

The budget also reflects approximately **$10,000 in reduced Commodities and Services expenditures** due to the anticipated vacancy of the current City Hall building following occupancy of the new Public Safety Facility.

Fund Balance

The City will maintain fund balances in the Special Revenue Funds at a level which will avoid issuing short-term debt to meet the cash flow needs of the current operating budget. The Plan maintains a fund balance within the EDA Fund to meet both anticipated and unanticipated future economic development needs. The City will annually evaluate the level of fund balance for its appropriateness.

Business Development Tools

Tax Abatement

Tax abatement is a flexible and valuable tool for supporting economic development. Despite the name, “tax abatement” does not involve the cancellation of taxes. Under Minnesota Statutes Sections 469.1812 to 469.1815, local governments are authorized to levy a property tax—known as an abatement levy—equal to the amount of taxes that could otherwise be abated.

The revenue generated from an abatement levy can be used to fund a broad range of purposes, including economic development, redevelopment, housing projects, and public infrastructure improvements.

Use of this tool requires formal approval by the City Council. When planning for specific projects, staff and elected officials should consult the full statute and work with a qualified financial advisor to ensure compliance and proper structuring.

Tax Increment Financing

Tax Increment Financing (TIF) is a key tool used to support and encourage development that would not otherwise occur. TIF captures the increased property tax revenue generated by new development and uses that increment to finance project-related costs.

TIF can be used to fund qualifying private development costs or public infrastructure improvements that support the development. This financing mechanism is governed by the Minnesota Statutes, Sections 469.174 to 469.1794, collectively referred to as the "TIF Act."

The use of TIF requires formal approval by the City Council and must comply with all applicable statutory requirements. When considering TIF for a project, careful analysis and consultation with a qualified financial advisor is recommended.

Revolving Loan Fund

Revolving Loan Funds (RLFs) provide direct financial assistance to businesses through flexible, low-interest loans. As borrowers repay the principal and interest, those funds are recycled and made available to new applicants—making RLFs a sustainable and valuable tool, especially amid limited development funding.

RLFs are intended to reduce barriers to capital by offering more accessible financing options. Projects supported by RLFs are expected to contribute to the local economy, including increasing the property tax base and promoting business growth.

The Big Lake Economic Development Authority (EDA) is responsible for reviewing and approving all RLF applications.

BLEDA MEMBER	SEAT	TERM EXPIRES
Alan Heidemann	President	12/31/2029
Kristopher Knodle	Commissioner	12/31/2028
Kathryn Parsons	Commissioner	12/31/2030
Jake Rohrbeck	Vice President	12/31/2026
Donna Clarksean	Treasurer	12/31/2027
Paul Knier	Council Liaison	12/31/2026
Ken Geroux	Council Liaison	12/31/2026

STAFF MEMBER	POSITION
Marie Popp	EDA Executive Director
Deb Wegeleben	Assistant Treasurer
Lisa Miller	Secretary

Mission Statement

To foster sustainable economic growth by promoting business investment, supporting redevelopment opportunities, strengthening existing businesses, and enhancing the quality of life for the Big Lake community.

Strategic Plan

The Big Lake Economic Development Authority (BLEDA) is currently reviewing and updating its Strategic Plan to establish priorities that will guide future economic development initiatives and long-term planning.

The goals and objectives included in this budget book reflect the Authority's currently adopted Strategic Plan. Upon completion and adoption of the updated Strategic Plan, future budget documents will be revised to align with the Board's newly established vision, goals, and priorities.

The 2027 budget has been developed to maintain BLEDA's ongoing economic development activities while preserving the financial flexibility necessary to implement future strategic initiatives identified by the Authority.

This approach ensures the budget remains consistent with current Board direction while providing the flexibility to incorporate new priorities once the updated Strategic Plan is formally adopted.

Budget Message

I am pleased to present the Big Lake Economic Development Authority's proposed **2027 Budget**, which balances fiscal responsibility with continued support for economic development throughout the City of Big Lake.

The 2027 budget reflects a strategic shift in BLEDA's funding priorities. The proposed Special Benefit Levy has been reduced to **$10,000** for both 2027 and 2028 to help offset the increase in property taxes associated with the Public Safety Facility debt service. Beginning in 2029, the levy is planned to increase to **$100,000 annually**, allowing BLEDA to resume contributing toward the debt service while maintaining its economic development mission.

Budget Highlights

Revenue

- Proposed Special Benefit Levy of **$10,000**.
- Total Revenue Budget: **$13,928**.

Expenditures

- Total Expenditure Budget: **$132,489**.
- Personnel increases of **$3,372 (8%)**.
- Reduction of approximately **$10,000** in Commodities & Services due to the current City Hall building becoming vacant.
- Continues the annual **$50,000 transfer** to the Sewer Fund for repayment of the Industrial Park infrastructure interfund loan.
- Maintains funding for marketing and professional development.

Looking Ahead

Over the next several years, BLEDA's primary focus will be marketing and facilitating redevelopment of the current City Hall property after City operations relocate to the new Public Safety Facility. The Authority will continue to preserve fund balance for future economic development opportunities while maintaining flexibility to respond to significant redevelopment projects should they arise.

Respectfully Submitted,

Deb Wegeleben
City Finance Director

Summary Revenue and Expenditure Budget

Levy for 2027 - $10,000

Revenue Budget	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	2026-2027 $ Change	2026-2027 % Change
Property Taxes	$ 129,860	$ 129,824	$ 130,195	$ 158,800	$ 10,300	$ (148,500)	-93.51%
Lease/Rental	15,733	21,165	21,830	-	-	-	
Lease Interest	1,267	2,835	2,170	-	-	-	
Interest Earned	15,879	12,398	6,646	2,500	2,500	-	0.00%
Total - Revenues:	**$ 162,739**	**$ 166,222**	**$ 160,841**	**$ 161,300**	**$ 12,800**	**$ (148,500)**	-92.06%
Expenditure Budget							
Employee Services (Personnel)	$ 41,440	$ 38,985	$ 40,912	$ 46,936	$ 50,308	$ 3,372	7.18%
Contractual Services	44,582	40,828	36,870	12,450	9,050	(3,400)	-7.63%
Commodities & Services	50,820	25,226	39,537	23,168	12,631	(10,536)	-45.48%
Marketing	3,750	-	638	10,000	10,500	500	13.33%
Transfer Out	46,362	50,000	50,000	50,000	50,000	-	0.00%
Total - Expenditures	**$ 186,954**	**$ 155,039**	**$ 167,957**	**$ 142,554**	**$ 132,489**	**$ (10,064)**	-7.06%
		-	-	-	-	-	
Excess Revenues/(deficit)	**$ (24,215)**	**$ 11,183**	**$ (7,116)**	**$ 18,746**	**$ (119,689)**	**$ (138,436)**	

Detail Revenue Budget

2027 Budget and Concept Budget 2028-2032

Account Number	Description	Levy $160K 2026 Budget	Levy $10K 2027 Budget	2026-2027 $ Change	2026-2027 % Change	Levy $10K 2028 Planning Budget	Levy $100K 2029 Concept Budget	Levy $100K 2030 Concept Budget	Levy $100K 2031 Concept Budget	Levy $100K 2032 Concept Budget
275-000-3101	RE & PP Taxes-Current	$ 158,400	$ 9,900	$ (148,500)	-93.75%	$ 9,900	$ 99,000	$ 99,000	$ 99,000	$ 99,000
275-000-3102	RE & PP Taxes-Delinquent	400	400	-		400	400	400	400	400
275-000-3940	Lease/Rental/CAM	-	-	-		-	-	-	-	-
275-000-3990	Loan Interest Revenue	-	1,128	1,128	100.0%	1,030	928	820	707	589
275-000-3991	Leases Interest Revenue	-	-	-		-	-	-	-	-
275-000-3999	Interest Earned	2,500	2,500	-		2,500	2,500	2,500	2,500	2,500
	Total Revenues	**$ 161,300**	**$ 13,928**	**$ (147,372)**	-91.37%	**$ 13,830**	**$ 102,828**	**$ 102,720**	**$ 102,607**	**$ 102,489**
				-						

Projected Cash Flow Change	2026	2027	2028	2029	2030	2031	2032
Beginning Cash Balance	$ 256,554	$ 590,082	$ 473,538	$ 362,928	$ 342,635	$ 318,943	$ 291,646
Projected Excess Revenue	18,746	(118,561)	(112,725)	(22,511)	(26,018)	(29,735)	(33,674)
Land Purchase Expense	150,000	-	-	-	-	-	-
Revolving Loand Fund Payment	-	2,017	2,115	2,218	2,325	2,438	2,557
Proceeds from Sale of Assets/Land	164,782	-	-	-	-	-	-
Projected Ending Cash	**$ 590,082**	**$ 473,538**	**$ 362,928**	**$ 342,635**	**$ 318,943**	**$ 291,646**	**$ 260,529**

Detail Expenditure Budget

2027 Budget and Concept Budget 2028-2032

Expenditure Budget

Account Number Description	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	$ Change	% Change	2028 Planning Budget	2029 Concept Budget	2030 Concept Budget	2031 Concept Budget	2032 Concept Budget
275-000-00-05-4002 Wages	32,051	$ 30,183	$ 31,995	$ 36,069	$ 37,506	$ 1,437	3.98%	$ 39,756	$ 42,142	$ 44,670	$ 47,350	$ 50,191
275-000-00-05-4008 Insurance Benefits (er)	4,610	4,441	3,911	4,991	6,694	1,703	34.12%	7,096	7,521	7,973	8,451	8,958
275-000-00-05-4009 HSA Accounts	-	-	417	250	250	-		750	750	750	750	750
275-000-00-05-4010 F.I.C.A./Medicare (er)	2,375	2,227	2,189	2,760	2,870	110	3.99%	3,041	3,224	3,417	3,622	3,840
275-000-00-05-4012 P.E.R.A. (er)	2,404	2,130	2,400	2,706	2,814	108	3.99%	3,181	3,371	3,574	3,788	4,015
275-000-00-05-4021 PFMLA	-	-	-	160	174	14	8.75%	188	206	229	255	284
275-000-00-20-4140 Audit	604	1,214	762	1,200	2,000	800	66.67%	2,000	2,000	2,000	2,000	2,000
275-000-00-20-4150 Engineering	8,026	32,730	8,456	250	50	(200)	-80.00%	50	50	50	50	50
275-000-00-20-4170 Legal	9,302	1,995	420	6,000	2,000	(4,000)	-66.67%	500	500	500	500	500
275-000-00-20-4180 Other Consultants	26,650	4,889	27,232	5,000	5,000	-		500	500	500	500	500
275-000-00-25-4120 Real Estate Taxes	2,758	1,874	2,268	2,758	2,514	(244)	-8.85%	-	-	-	-	-
275-000-00-25-4134 Website	250	250	250	250	250	-		250	250	250	250	250
275-000-00-25-4209 Recording Fees	2,879	1,061	-	500	-	(500)	-100.00%	-	-	-	-	-
275-000-00-25-4212 Other Operations Expenses	76	21	23	50	25	(25)	-50.00%	25	25	25	25	25
275-000-00-25-4215 Uniforms/Clothing	-	26	-	100	100	-		100	100	100	100	100
275-000-00-25-4217 Cleaning Services	-	1,614	5,374	1,700	-	(1,700)	-100.00%	-	-	-	-	-
275-000-00-25-4220 Advertising	1,569	1,060	98	2,000	100	(1,900)	-95.00%	100	100	100	100	100
275-000-00-25-4225 Sanitation/Garbage Removal	2,895	3,886	4,896	-	-	-		-	-	-	-	-
275-000-00-25-4235 Postage	-	-	-	25	25	-		25	25	25	25	25
275-000-00-25-4238 Training - BLEDA	1,409	370	1,593	1,500	1,550	50	3.33%	1,550	1,550	1,550	1,550	1,550
Detail List — *Training - Edam Conference*	1,409	370	1,368	1,250	1,300	50	4.00%	1,300	1,300	1,300	1,300	1,300
Training - Brownfield	-	-	225	250	250	-		250	250	250	250	250
275-000-00-25-4240 Travel/Mileage	73	56	209	150	150	-		150	150	150	150	150
275-000-00-25-4243 Meals	21	57	-	100	100	-		100	100	100	100	100
275-000-00-25-4250 Liability Insurance		800	3,213	3,195	3,417	223	6.97%	3,417	1,000	1,000	1,000	1,000
275-000-00-25-4257 Contractors Hired	-	-	-	100	-	(100)	-100.00%	-	-	-	-	-
275-000-00-25-4540 Repair/Maintenance Bldg Held	1,134	101	2,474	1,500	-	(1,500)	-100.00%	-	-	-	-	-
275-000-00-25-4570 Electricity	5,364	5,382	6,996	3,600	1,000	(2,600)	-72.22%	1,000	-	-	-	-
275-000-00-25-4580 Natural Gas	712	2,243	4,556	3,240	1,000	(2,240)	-69.14%	1,000	-	-	-	-
275-000-00-25-4590 Water/Sewer Utilities	4,021	6,425	7,587	2,400	2,400	-		1,275	1,275	1,275	1,275	1,275
275-000-00-26-4222 Marketing - Communications	3,750	-	638	10,000	10,500	500	5.00%	9,000	9,000	9,000	9,000	9,000
Marketing -Communications - Site Selectors Conference (2)					8,500	8,500	100.0%	7,000	7,000	7,000	7,000	7,000
Marketing -Communications - "Big Lake Opportunity Guide" (inhouse)					2,000	2,000	100.0%	2,000	2,000	2,000	2,000	2,000
275-000-00-71-4612 Transfer to FUND 141 - Specials	46,362	50,000	50,000	50,000	50,000	-		50,000	50,000	50,000	50,000	50,000
Total Expenditures & Transfers	**$ 185,545**	**$155,039**	**$ 167,957**	**$ 142,554**	**$132,489**	**$ (10,064)**	-7.06%	**$ 125,055**	**$123,839**	**$127,238**	**$ 130,842**	**$ 134,663**
Excess Revenues/(deficit)	(22,806)	11,183	(7,116)	18,746	(118,561)	43,452		(111,225)	(21,011)	(24,518)	(28,235)	(32,174)

Policies

Revolving Loan Fund

Big Lake EDA Revolving Loan Fund Policy

Big Lake EDA Adopted: April 12, 2021, Revised on September 9, 2024

I. GENERAL POLICY

Revolving Loan Funds (RLF) provide businesses with direct loans. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower. This recycling of funds makes RLFs particularly valuable in light of the growing scarcity of development funds. RLFs are designed to lessen the high cost and short supply of capital for businesses by providing flexible loan terms that assist in providing financing. Economic development activities assisted with funds made available through RLF Programs are intended to increase property tax base.

II. PUBLIC PURPOSE OBJECTIVES

The Big Lake EDA will consider the use of the program, which demonstrates the achievement of one or more of the following public purpose objectives:

1. To enhance the City's economic base.
2. To encourage private (re)development.
3. To encourage site improvements and (re)development of commercial and industrial areas.

III. ELIGIBLE BUSINESSES

All applicants must meet the following criteria:

1. Business must have a physical address within the City. Proof of address shall be required when applying.
2. Business must be an allowed use through zoning of the property or be a legally non-conforming use.
3. Business must be a legal entity registered with the Minnesota Secretary of State, and be in good standing.
4. Business must not have delinquent taxes, bills, or charges due to the City.
5. Business must not have any outstanding violations of the Big Lake City Code unless working to come into compliance by utilizing the RLF.

IV. ELIGIBLE USES OF THE REVOLVING LOAN FUND

1. Land and Building Acquisition
2. Property Improvements
3. New Building Construction
4. Building Renovation and Modernization
5. Machinery, Equipment & Fixtures (the remaining effective life must be equal to or exceed the life of the loan)
6. Information Technology

V. INELIGIBLE USES OF THE REVOLVING LOAN FUND

1. Debt Refinancing
2. Working Capital
3. Residential Real Estate
4. Taxes
5. Professional Fees
6. Gambling, Religious, Political or Adult/Pornographic Businesses

VI. AMOUNT AVAILABLE

Applications will be accepted for loan amounts ranging from $1,000 up to $25,000.

VII. ADMINISTRATION

Application forms are available online at www.biglakemn.org or can be received from the City of Big Lake Economic Development Authority at 160 Lake Street North, Big Lake, MN 55309. A completed loan application must be submitted to the Big Lake Community Development Department.

Applicant should allow a minimum of four to six weeks for processing once the completed application and all required documentation are submitted.

Consideration for approval will be based on, but not limited to the following:

1. Applicant is credit worthy
2. Applicant is willing to sign a personal guarantee
3. Applicant can pledge adequate collateral
4. Applicant can inject a minimum of 5% equity of the loan amount

An initial meeting with the Applicant and City Staff will be set up to review the request. If the application meets the initial policy guidelines, City Staff will forward the completed application to the Big Lake EDA Finance Committee for consideration to make a recommendation to the Big Lake EDA. During the next regularly scheduled Big Lake EDA meeting, the Big Lake EDA will formally approve/deny the application.

For all projects, the Applicant must have loan approval (if another source is being utilized) prior to beginning the project. The Applicant will be encouraged to also apply for the Sherburne County RLF.

Nothing in this Policy shall require the Big Lake EDA to make a loan to a business that meets the requirements of the Policy. The Big Lake EDA is not required to make a loan or provide any financial assistance to a business that meets the requirements of this Policy unless the Big Lake EDA in its sole discretion determines that it is in the City's interest to make a loan. Each application will be reviewed on a case-by-case basis.

VIII. LOAN TERMS AND GUIDELINES

1. Minimum amount of loans - $1,000
2. Maximum amount of loans - $25,000
3. The loan term may be negotiated up to 10 years based upon the productive life of the assets. Initial payment may be deferred up to 6 months after closing.
4. Recipients will be charged all costs associated with the loan, including but not limited to legal and consulting costs that may be incurred by the Big Lake EDA in processing the loan application. These fees may be included in the loan amount.
5. The interest rate will be fixed for up to five years at two points below prime rate that is set by the Big Lake EDA the day of loan approval, or three (3) percent, whichever is greater. The interest rate will be computed as simple interest and will be fixed for a period not to exceed five years and adjusted for a similar period using the same index. All loans will be structured to fully amortize over the term of the loan.
6. Recipients may be required to maintain property insurance on buildings and contents for full replacement value. If required, insurance policies shall name the Big Lake EDA as a Lender Loss Payee.
7. Payments more than 30 days delinquent will be assessed a five (5) percent penalty. Payments first go towards any accrued penalties, then towards accrued interest, and lastly to reduce the balance of the principal.
8. The Applicant will authorize the Big Lake EDA to obtain verification of any applicable records, including assets, employment records, and consumer credit reports.

IX. LOAN PROCEDURES

Prior to releasing funds, the following documentation, and any other documentation required by the Big Lake EDA or City Staff, must be in place or provided at the appropriate time during the term of the loan process:

1. **Notice of Award** - The Big Lake EDA must have reviewed and approved a complete application for an eligible Applicant.
2. **Loan Agreement** - A loan agreement shall be executed by the Big Lake EDA Chair and the principal owner(s) or officer(s) of the business. The agreement must be dated; must state the agreement between the Big Lake EDA and the business; and must specify the amount and terms of the loan funds delivered.
3. **Loan Security** – If loan security is required, any mortgage or lien instruments must be executed at the time of the loan closing. The Big Lake EDA may take a security interest position in any equipment, real estate, or other collateral being financed. Subordinate lien positions

loans will be accepted. The City Attorney shall record the instrument and provide the original to be placed in the project file which is kept in the City Finance Department.

4. **Amortization Schedule** - An amortization schedule shall be prepared by City Staff with a copy provided to the borrower. Copies also are retained on file with the City Finance Department.
5. **Evidence of Permits** - Documentation must be proved by the Applicant.
6. **Other Documentation** - The Applicant may be asked to provide other types of documentation.

X. POST-APPROVAL OF LOAN RECIPIENT

In addition to the terms and conditions of the loan, all Recipients must agree to comply with the following:

- To use loan money only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
- To permit inspections by persons authorized by the Big Lake EDA of all projects and properties assisted with loan funds. Related project materials shall also be open to inspections which include but may not be limited to, materials and equipment. Requests for inspection shall be complied with by the Recipient.
- To maintain records on the projects as may be requested by the Big Lake EDA. These files shall be maintained as long as the loan is active or for at least three (3) years after completion of the work for which the loan has been obtained, whichever is longer.
- The business must maintain an actual physical presence within Big Lake city limits.

XI. POST-CLOSING AND MONITORING

General Procedures

1. When the loan closing is completed and the funds are disbursed, City Staff will establish a loan servicing file to contain:
    1. All closing documents
    2. A log of all conversations and correspondence relating to the loan
    3. A master follow-up file to ensure loan monitoring functions are performed on a timely basis
2. The calculation of principal and interest, and monthly payment reports will be executed at the time of the loan closing by City Staff.
3. Fund Management services will be provided by City Staff and the Big Lake EDA. A third-party financing vendor may assist with loan packaging, underwriting, and related marketing services for the Fund.

MONITORING

City Staff will be responsible for collecting and maintaining evidence of ongoing compliance with any loan requirements, insurance, financial reporting, and any special conditions of the original agreement. An annual report of projects financed through this program will be provided to the Big Lake EDA and Big Lake City Council members each year.

XII. DEFAULT

In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties, shall, at the Big Lake EDA's option, become due and payable. To exercise this option, the City Attorney shall prepare a written notice to the business. The notice shall specify the following:

1. The default.
2. The action required to cure the default.
3. A date, not less than (30) days from the date of the notice, by which the default must be cured to avoid foreclosure or other corrective action.
4. Any penalties incurred as a result of the default.

The Big Lake EDA will determine when and how to collect and liquidate secured collateral in its sole discretion.

XIII. USE OF LOAN REPAYMENTS AND REPORTING

Repaid loans shall be re-deposited in the Revolving Loan Fund Account and used in a manner consistent with these policies and procedures. A separate accounting record for each loan shall be kept to account for all funds loaned.

The City of Big Lake will not discriminate against any applicant because of race, color, or creed, religion, ancestry, national origin, sex, disability, age, marital status, or status with regard to public assistance.

Tax Abatement Policy

Revision Dates
September 28, 2005
February 25, 2015
March 8, 2017
February 28, 2018

I. General Purpose

The purpose of this policy is to establish the City of Big Lake's ("the City") position as it relates to the use of Property Tax Abatements ("Abatements") for private development. This type of abatement is allowed pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Abatement Law"). It is the City's intent to coordinate the use of Tax Abatement with other local jurisdictions to the extent that it is possible to do so.

Tax Abatement shall be defined as the City's share of the property taxes derived from the increase in market value over the current year market value of property within the project area resulting from development. For purposes of this definition, current year is the year in which an application for request for assistance is received.

The City of Big Lake recognizes the importance of this development tool which may be used by the City to satisfy its economic development goals and objectives. These general goals include the following:

A. Broaden and diversify the tax base;
B. Create and or retain an employment base;
C. Strengthen and enhance the commercial-industrial areas of the community;
D. Promote a high quality of construction or site design.

This policy shall be used as a guide in the processing and review of applications requesting tax abatement assistance. The fundamental purpose of Tax Abatement in the City of Big Lake is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through Tax Abatement.

II. Types of Projects and Uses Eligible for Assistance

In order to meet the stated goals and objectives of the City, Abatements will be used to assist private developments in those instances where the proposed project demonstrates one or more of the following objectives or conditions:

Public Financing is needed to…

1. Retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.

2. Enhance and diversify the City's economic base.

3. Encourage additional unsubsidized private development in the area, either directly or indirectly through "spin-off' development.

4. Offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above costs normally incurred in development.

5. Contribute to the implementation of other public policies as adopted by the City from time-to-time, such as the promotion of quality urban or architectural design energy conservation and decreasing capital and/or operating costs of local government.

6. Promote a high quality of construction and/or site design.

7. Aid in the development or implementation of an environmentally sound practice, production or product.

8. Improve the condition of existing commercial or industrial buildings, including but not limited to, accessibility requirements, exterior façade improvements and energy upgrades.

9. Complete specific enhancements, including but not limited to signage, landscaping and lighting (within private property or adjacent to public property).

10. Fill a defined financing gap that is associated with a pedestrian public improvement project in commercial areas, including but not limited to, access control, pedestrian systems and parking improvements.

11. Facilitate the development process and achieve development of sites that would not be developed without Tax Abatement assistance (general "but for" test).

12. Finance or provide public infrastructure pursuant to the Abatement Law.

III. Eligible Expenditures

Abatements may be used to pay for expenditures related to eligible project costs. Eligible expenditures may include land acquisition and conveyance, building improvements, site improvements and public streets/utilities. Ineligible expenditures are non-fixed assets including equipment and working capital.

IV. Financing Structure

The City will structure Abatements as a direct annual or semi-annual payment (corresponding to the City's portion of the property taxes only) to the property owner based on the terms and conditions stated in an agreement between the City and the property owner. The property owner is subject to changes in the taxes that may result in payments lower than the original estimated amount.

V. Specific Policies for the Use of Tax Abatement

1. Tax Abatement will be provided to the developer upon receipt of taxes as a pay-as-you-go method. All taxes on the subject parcel need to be paid to date before a rebate payment will be made. Requests for up-front financing (bonds) will be considered on a case-by-case basis.

2. Developer shall be able to demonstrate a need for a proposed project.

3. Tax Abatement shall not be used for projects or businesses that would place extraordinary demands on city services considering the benefit to the City.

4. The developer must enter into an abatement agreement to ensure compliance with the City policies and requirements.

5. The developer shall demonstrate his or her ability (via past experience, credit history and corporate or personal financial statements) to complete the project in an adequate and timely manner, and also at the option of the City, shall provide financial guarantees to ensure completion of the project that include but are not limited to: assessment agreements, letters of credit and personal guarantees.

6. The developer/business shall provide information necessary for the City to decide on the project.

7. The City will view projects having a county/school district tax abatement commitment more favorably.

8. The project supports and furthers the City's Comprehensive Plan and/or other public policies, as adopted by the City.

9. Tax Abatement may be used to phase in a property tax increase on a parcel that will increase in estimated market value of 50 percent or greater when the increase is not attributable to an abatement project.

10. The business subsidy funding for any project shall be the lowest amount feasible for the shortest period of time. Business/developers shall exhaust all possible forms of non-business subsidy funding, i.e. private debt and equity financing prior to using business subsidy finding.

11. Any receipt of Tax Abatement assistance will be required to provide an equity investment in the project.

12. Tax Abatement will not be used in circumstances where land and or property price is in excess of fair market value.

13. Tax Abatement will not be utilized in cases where it would create an unfair competitive financial advantage over other projects or businesses in the area.

14. No abatement of taxes will be granted on property in a TIF District.

15. The project shall comply with all provisions set forth in the state Abatement Law.

16. Abatement can only be granted, if it benefits the City to a level equal to or greater than the abatement cost to the City.

17. In any year, the total amount of property taxes abated by the City may not exceed ten percent (10%) of the net tax capacity of the City or $200,000, whichever is greater. This is consistent with the Abatement Law.

18. No tax abatement period shall exceed 15 years from the date of approval by the City Council unless the county or school district has declined to participate in the abatement. In this event, the City may approve an abatement period that is up to 20 years in length.

19. The City Council may change and modify the application of these specific policies as it deems necessary and appropriate.

VI. Decision Guidelines or Project Requirements

The following guidelines will be used by the City in order to determine whether a financing proposal is warranted which will become the basis for findings in the resolution of Abatement approval.

A. The proposed project does not fit well within the City's and the Economic Development Authority's Tax Abatement Policy or is subject to other state statute restrictions.

B. The proposed project addresses an identified need within the community, including but not limited to, improved maintenance or expansion of public utilities, reuse of underutilized property, or development of property with site constraints, installation of design enhancements, compliance with safety or accessibility codes, and financing within a targeted improvement area.

C. The proposed project cannot be completed without public financing due to identified costs that are greater than normal or due to an identifiable financing gap.

D. The proposed project can be assisted with a private-to-public leverage, which results in minimal impact to the statutory limit for the City's use of Abatements. In addition, the amount of Abatement should not exceed the level of private equity from the project owner(s).

E. The project is consistent with the City's Comprehensive Plan, Land Use Plan and Zoning Ordinances.

F. The project meets one or more of the following public purposes:
- Creation of new jobs
- Increase in the tax base
- Enhancement or diversification of the City's economic base
- Development or redevelopment that will spur additional private sector investment in the area
- Fulfillment of defined City objectives such as those identified in the City's Comprehensive Plan

- Removal of slum and blight or the redevelopment of a high-profile site.

VII. Procedure for Application:

A. A completed application with the application fee in accordance with the current City of Big Lake Fee Schedule shall be submitted to the City. The application will be reviewed by the City staff and the Economic Development Authority.

B. After review and recommendation for approval by the Economic Development Authority (the review body for the City), the City Council shall publish a notice and hold a public hearing on the proposed Abatement.

C. The City Council holds a public hearing concerning the Abatement. It must approve the Abatement by resolution.

D. If the City approves the Abatement by resolution, its staff and/or consultants will draft a development contract.

Tax Increment Financing Policy

BLEDA Adopted May 12, 2014
City Council Adopted May 28, 2014
Amended February 8, 2017

For the purpose of this policy, the "City" shall also mean the Big Lake Economic Development Authority (BLEDA), which serves in conducting various economic development, housing and redevelopment programs and activities within the City of Big Lake.

I. <u>GENERAL POLICY</u>

The purpose of this policy is to establish the City's position relating to the use of Tax Increment Financing for private development. Minnesota Statutes, Section 469.174 through 469.1794, as amended, governs the use of Tax Increment Financing (the "TIF Act"). This policy shall be used as a guide in processing and reviewing applications requesting Tax Increment assistance. The fundamental purpose of tax increment financing in Big Lake is to encourage desirable development and/or redevelopment that would not otherwise occur "but for" the assistance provided through TIF.

The City of Big Lake may consider Tax Increment Financing for projects that serve to accomplish the City's goals for housing and economic development as they may change over time. The goals include facilitating projects that would result in the creation of quality jobs (e.g. stable employment and/or attractive wages and benefits) and the attraction, retention, and expansion of business and housing options in the City.

II. <u>CITY'S OBJECTIVE FOR THE USE OF TIF:</u>

As a matter of adopted policy, the City of Big Lake may consider using Tax Increment Financing (TIF) to assist private development projects to achieve one or more of the following purposes:

- Remove blight and/or encourage redevelopment in the commercial and industrial areas of the City in order to encourage high quality development or redevelopment and private reinvestment in those areas.

- To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock.

- To retain local jobs and/or increase the number and diversity of quality jobs (e.g. stable employment and/or attractive wages and benefits).

- To encourage additional unsubsidized private development in the area, either directly, or through secondary "spin-off" development.

- To offset increased costs of redevelopment (e.g. contaminated site clean-up), over and above those costs that a developer would incur in normal urban and suburban development.

- To facilitate the development process and to achieve development on sites which would not be developed without this assistance.

- To meet other uses of public policy, as adopted by the Council from time to time, including promotion of quality urban design, quality architectural design, energy conservation, decreasing the capital and operating costs of local government, etc.

III. COSTS WHICH MAY QUALIFY FOR TAX INCREMENT FINANCING ASSISTANCE:

This list is provided as an example of costs which may qualify for tax increment financing assistance. The City may determine to not reimburse costs that are included on this list and to include other costs not listed here that may be eligible under the TIF Act.

- Project Design fees including: utilities, landscape, architectural and engineering design.
- Site related work, including: permits for site work, earthwork/excavation, soil correction, landscaping, utilities, streets and roads, street/parking lot paving, street/parking lot lighting, curb and gutter, sidewalks
- Land acquisition
- Special assessments
- Legal fees (acquisition, finance, closing)
- Soil tests
- Environmental studies
- Surveys
- Interest rate write downs
- Relocation assistance
- Replacement or clean-up of contaminated soils which would otherwise preclude redevelopment
- Rehabilitation
- Any other costs allowable by the TIF Act

IV. PROJECTS WHICH MAY QUALIFY FOR TAX INCREMENT FINANCING ASSISTANCE

All new TIF projects considered by the City of Big Lake must meet each of the following minimum qualifications and will also be evaluated based on their ability to meet the desired qualifications for assistance. However, it should not be presumed that a project meeting any of the qualifications will automatically be approved. Meeting the qualifications create no contractual rights on the part of any potential developer to have its project approved.

MINIMUM QUALIFICATIONS

A. The project should meet one or more of the Tax Increment Financing Objectives outlined in Section 2. But at a minimum shall:

- Remove blight and/or encourage redevelopment in the commercial and industrial areas of the City in order to encourage high quality development or redevelopment and private reinvestment in those areas.

- To facilitate the development process and to achieve development on sites which would not be developed without this assistance.

B. The developer must demonstrate that the project is not financially feasible "but-for" the use of tax increment financing.

C. The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of TIF application submittal.

D. Prior to approval of a TIF financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent underwriting of the proposal.

E. Any developer requesting TIF assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. TIF will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.

F. The level of TIF funding should be reduced to the lowest possible level by maximizing the use of private debt and equity financing first, and then using other funding sources or income-producing vehicles that can be structured into the project financing, prior to using additional TIF funding.

G. Development financing will be made available only on a Pay-As-You-Go (PAYGO) basis. Look back provisions may be utilized by the City to determine developer's ability to share revenue with the City.

H. The level of assistance provided to developer will be determined on a case-by case basis. When determining the level of assistance, the City will consider the quality of the proposed development and/or the quality of the employment opportunities that might be generated.

DESIRED QUALIFICATIONS

A. TIF proposals creating a higher ratio of property taxes paid before and after redevelopment will receive priority consideration. Given the different assessment circumstances in the City, this ratio will vary widely. A 1:2 ratio of taxes paid before and after redevelopment is desired.

B. TIF proposals should normally not be used to support speculative industrial, commercial, office or housing projects. In general, the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.

C. TIF will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 20% in excess of market value as determined by an independent appraisal of the property.

D. TIF will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of tax increment subsidies. Developers should provide information to support that TIF assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.

E. TIF will not be used to support projects that place extraordinary demands on City services. Preference will be given to projects that do not place extraordinary demands on City services.

F. TIF will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments. Priority will be given to projects that aim to clean-up existing contaminated sites and would facilitate the location of an industry or business which has an environmentally sound track record, or meet a housing need in the City.

G. Preference will be given to projects that meet good public policy criteria as determined by the City Council, including:

- High project quality (e.g. sound architectural design, quality construction and materials)
- Projects that are in accord with the Comprehensive Plan, Zoning Ordinance, Strategic Plan, and other redevelopment plans of the City
- Projects that provide significant improvement to surrounding land uses, the neighborhood, and/or the City
- Projects that provide a significant increase in tax base
- Projects that provide significant new, or retained, employment
- Projects that meet financial feasibility criteria established by the City; and
- Projects that provide the highest and best desired use for the property

V. <u>TAX INCREMENT PROJECT EVALUATION PROCESS</u>

The following five methods of analysis for all TIF proposals will be used:

1. Consideration of project meeting minimum qualifications.
2. Consideration of project meeting desired qualifications.
3. Project meets "but-for" analysis and statutory qualifications
4. Project Summary Report Card (Exhibit A)

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case shall one area outweigh another in terms of importance to determining the level of TIF assistance.

VI. APPLICATION FOR TIF ASSISTANCE FOR ALL TIF DISTRICTS AND PROJECT AREAS

The City of Big Lake will require a non-refundable application fee in the amount of $500.00 for its processing of the application. The application fee shall be paid to the City at the time the TIF application is submitted.

At the time a TIF application is submitted, the applicant shall also deposit $10,000 with the City to cover its attorney's and consultant's costs incurred as part of amending or establishing a TIF district, drafting and negotiating a development agreement, and conducting any fiscal analysis that may be required to meet the requirements of utilizing TIF. *If additional expenses are incurred beyond the $10,000, prior to the execution of a development agreement, the City shall notify the applicant in writing and the applicant will be required to deposit additional funds upon notice.*

If the project is approved and the applicant proceeds with the project, the City shall reimburse the applicant any unused portion of the deposit as of the date of execution of the development agreement. If the applicant does not proceed with the project, the City shall reimburse the applicant for the unused portion of the deposit as of the date that the City is notified in writing that the applicant desires to withdraw its application.

VII. APPLICATION PROCESS:

The application process must be completed in accordance with the TIF application procedures (Exhibit B). The purpose of this approach is to give an applicant the opportunity to discuss a development proposal without expending a great deal of money and time in pursuing a development that may conflict with the City's goals and objectives.

VIII. OTHER POLICY ISSUES

Public Use of Tax Increment

The City shall follow applicable state laws in terms of potential public improvement financing with TIF. It shall be the general policy of the City to identify public improvements at the time of adoption or amendment of the TIF Plan.

Tax Increment Financing Application Procedures

1. Meet with appropriate City staff to discuss the scope of the project, public participation being requested, time schedule, and other information as may be necessary. The purpose of this step is to give an applicant the opportunity to present a development proposal without expending a great deal of money and time in pursuing a development that may conflict with the City's goals and objectives.

2. Based on feedback received from the initial staff meeting, the applicant may decide to file a formal application for Tax Increment Financing assistance at which time the developer will be asked to pay a $500.00 application fee and place $10,000 in escrow for TIF-related administrative expenses.

3. Following the necessary financial analysis and preparation of detailed plans, the City Council and EDA, shall take action on the project. If approved, Big Lake's financial consultant will be directed to undertake the following steps:

    - prepare a development / redevelopment agreement based upon the terms approved

    - prepare a development / redevelopment plan and tax increment financing plan if required

4. If a redevelopment plan or zoning action is required, the Big Lake Planning Commission, City Council and EDA shall make every effort to take action at the same time that the development agreement is considered for approval.

CITY OF
Big Lake
LIVE BIG!

AGENDA ITEM
Big Lake Economic Development Authority

Prepared By: *Deb Wegeleben, BLEDA Assistant Treasurer*	**Meeting Date:** *8/10/2026*	**Item No.** **6C**
Item Description: *BLEDA Finance Report and List of Claims for June – July 2026*	**Reviewed By:** *Marie Popp, BLEDA Executive Director*	
	Reviewed By: *Hanna Klimmek, City Administrator*	

ACTION REQUESTED

Approve the BLEDA Financial Report and List of Claims for June and July 2026 as presented.

BACKGROUND/DISCUSSION

Big Lake Economic Development Authority (BLEDA)
Financial Summary – July 2026

Revenues:
As of July 2026, BLEDA revenues are trending ahead of budget expectations due to the following:

- Receipt of seven (7) months of rent payments from Pizza Factory, which were not included in the 2026 adopted budget.
- Interest earnings have been posted through June.
- Property taxes revenues were received in July, and the second half will be received in December.
- Received the funds for the sale of the parcel to Pizza Factory

Expenditures:
Through July month-end, approximately 75% of the total 2026 budgeted expenditure has been incurred. The higher percentage early in the year is primarily due to the annual $50,000 transfer to the Industrial Park Fund, which reimburses prior assessments that helped make the industrial park property shovel ready for development.

Expenses associated with BLEDA-owned properties include:

Pizza Factory / Old School Building:

- Cleaning Services – $2,940.000
- Garbage Removal – $1,357.82
- Electricity – $3,101.50
- Natural Gas – $1,898.66
- Water/Sewer Utilities – $4,425.08
- Liability Insurance – $2,441.25
- Real Estate Taxes – $1,914.00

421 Foley Avenue:

- Other Consultants – $8,544.00

Fund Balance

As of **July 31, 2026**, the Big Lake Economic Development Authority (BLEDA) has a total fund balance of **$563,952.75**. This balance includes the $150,000 reimbursement from the 2026A Bond proceeds for the land purchase associated with the future Public Safety Facility, as well as the proceeds from the sale of property to Pizza Factory. During the year, BLEDA also established a new $25,000 Revolving Loan for Pizza Factory.

The Fund balance is designated as follows:

Designation	**Amount**
Designated – Future Development Projects	$330,155.38
Designated – Revolving Loan Program	$ 75,000.00
Unassigned Operating Fund Balance	$158,797.37
Total Fund Balance	**$563,952.75**

The positive **Unassigned Operating Fund Balance** had a direct impact on staff's recommendations for the 2027 BLEDA budget. Given BLEDA's improved financial position, staff recommended reducing the BLEDA special levy to help offset a portion of the property tax impact associated with the first year of the Lease Revenue Bond levy for the new Public Safety Facility. This recommendation allows BLEDA to strategically utilize a portion of its available fund balance while maintaining sufficient reserves to support future economic development opportunities and long-term financial stability.

Staff has also updated the **Future Development Projects** designation to reflect expenditures incurred to date for the **421 Foley environmental cleanup project**, as well as the reimbursement received for the land acquisition associated with the future Public Safety Facility site.

ATTACHMENTS

BLEDA Financial Report
List of Claims
List of Revenues

unaudited

Big Lake Economic Development Authority
Balance Sheet
July 31, 2026

		Balance	Comments
Assets			
	Cash	538,492.38	
	Taxes Receivable - Delinquent	1,420.84	**adjustment each year end
	Lease Receivable	51,660.71	Pizza Factory
*	Notes Receivable	25,000.00	Pizza Factory
***	Land Held for Resale	436,620.68	
	Total Assets	1,053,194.61	
Liabilities and Fund Balance			
	Accounts Payable	(460.37)	Prepaid August Invoice - Curbside
	Deferred Revenue	1,420.84	Delinquent Taxes
	Deferred Inflows - Lease receivables	51,660.71	Pizza Factory lease
	Unspendable Fund Balance	436,620.68	Land Held for resale
	Designated Fund Balance	405,155.38	Revolving Loan Fund/Development Projects
	Undesignated Fund Balance	158,797.37	
	Total Liabilities & Fund Balance	1,053,194.61	
		-	

***	**Land Held for Resale**		
	420 Putman (2018)	10,874.65	PID # 65-403-0430
	421 Foley (2022)	50,746.03	PID #65-408-0230,310,320
	Smith Property	-	PID 65-00020-2400 - RECEIVED FUNDS
	Old School Building (2023)	375,000.00	PID #65-584-0105
		436,620.68	

unaudited
BLEDA- 275
Financial Statements
July 31, 2026

% of budget year	58.33%	7/31/2025 Prior YTD	7/31/2026 Current YTD	12/31/2026 Current Budget
	Balance Sheet			
Assets				
275-1000	Fund Cash	240,567.61	538,492.38	
275-1070	Taxes Receivable-Delinquent	1,411.97	1,420.84	
275-1360	Lease Receivable	73,490.93	51,660.71	
275-1605	Land Held For Resale	586,620.68	436,620.68	
	Total Assets	902,091.19	1,053,194.61	
Liabilities				
275-2020	Accounts Payable	(2,676.94)	460.37	
275-2220	Deferred Revenues	(1,411.97)	(1,420.84)	
275-2492	GASB 87 Def Inflow-leases	(73,490.93)	(51,660.71)	
	Total Liabilities	(77,579.84)	(52,621.18)	
Equity				
275-2530	Unreserved Fund Balances	(849,267.20)	(842,152.12)	
	(Excess)/Deficit of Revenues	24,755.85	(158,421.31)	
	Total Net Position	(824,511.35)	(1,000,573.43)	
	Total Liability and Net Position	(902,091.19)	(1,053,194.61)	
		-	-	

Statement of Revenues, Expenditures, and Change in Fund Balances		7/31/2025 Prior YTD	7/31/2026 Current YTD	12/31/2026 Current Budget	Budget Remaining	% of Budget
Revenues						
275-000-3101	RE & PP Taxes-Current	67,320.12	81,133.35	158,400.00	77,266.65	51%
275-000-3102	RE & PP Taxes-Delinquent	423.46	516.12	400.00	(116.12)	129%
275-000-3375	Miscellaneous Revenue	-	250.00	-	(250.00)	
275-000-3940	Lease/Rental/CAM Income	14,000.00	14,000.00	-	(14,000.00)	
275-000-3945	Loan Repayment Revenue	-	-	-	-	
275-000-3950	Property Sales	-	164,781.94	-	(164,781.94)	
275-000-3990	Loan Interest Revenue	-	-	-	-	
275-000-3991	Leases Interest Revenue	-	-	-	-	
275-000-3999	Interest Earned	3,822.26	4,353.61	2,500.00	(1,853.61)	174%
275-000-4152	Resitution/Damage Payments	-	200.00	-	(200.00)	
	Total Revenues	85,565.84	265,235.02	161,300.00	(103,935.02)	164%
Expenditures						
275-000-00-05-4002	Wages	17,173.09	20,363.15	36,069.00	15,705.85	56%
275-000-00-05-4008	Insurance Benefits (er)	1,763.28	2,954.91	4,991.00	2,036.09	59%
275-000-00-05-4009	HSA Accounts	312.48	145.88	250.00	104.12	58%
275-000-00-05-4010	F.I.C.A./Medicare (er)	1,191.57	1,353.02	2,760.00	1,406.98	49%
275-000-00-05-4012	P.E.R.A. (er)	1,287.93	1,527.21	2,706.00	1,178.79	56%
275-000-00-05-4021	PFMLA	-	91.50	160.00	68.50	57%
275-000-00-20-4140	Audit	762.00	1,898.75	1,200.00	(698.75)	158%
275-000-00-20-4150	Engineering	1,913.50	-	250.00	250.00	0%
275-000-00-20-4170	Legal	385.00	216.00	6,000.00	5,784.00	4%
275-000-00-20-4180	Other Consultants	11,366.65	8,544.00	5,000.00	(3,544.00)	171%
275-000-00-25-4120	Real Estate Taxes	2,268.00	1,914.00	2,758.00	844.00	69%
275-000-00-25-4134	Website	250.00	250.00	250.00	-	100%
275-000-00-25-4209	Recording Fees/Settlement chgs	-	46.00	500.00	454.00	9%
275-000-00-25-4212	Other Operations Expenses	5.58	-	50.00	50.00	0%
275-000-00-25-4215	Uniforms/Clothing	-	-	100.00	100.00	0%
275-000-00-25-4217	Cleaning Services	2,923.96	2,940.00	1,700.00	(1,240.00)	173%
275-000-00-25-4220	Advertising	-	-	2,000.00	2,000.00	0%
275-000-00-25-4225	Sanitation/Garbage Removal	3,237.44	1,357.82	-	(1,357.82)	
275-000-00-25-4235	Postage	-	10.20	25.00	14.80	41%
275-000-00-25-4238	Training/Schools	1,592.50	1,275.33	1,500.00	224.67	85%
275-000-00-25-4240	Travel/Mileage	208.60	59.45	150.00	90.55	40%
275-000-00-25-4243	Meals	-	-	100.00	100.00	0%
275-000-00-25-4250	Liability Insurance	2,399.25	2,441.25	3,195.00	753.75	76%
275-000-00-25-4257	Contractors Hired	-	-	100.00	100.00	0%
275-000-00-25-4540	Repair/Maintenance Bldg held	-	-	1,500.00	1,500.00	0%
275-000-00-25-4570	Electricity	3,307.56	3,101.50	3,600.00	498.50	86%
275-000-00-25-4580	Natural Gas	3,647.74	1,898.66	3,240.00	1,341.34	59%
275-000-00-25-4590	Water/Sewer Utilities	4,325.56	4,425.08	2,400.00	(2,025.08)	184%
275-000-00-26-4222	Marketing -Communications	-	-	10,000.00	10,000.00	0%
275-000-00-71-4612	Transfers Out	50,000.00	50,000.00	50,000.00	-	100%
	Total Expenditures	110,321.69	106,813.71	142,554.00	35,740.29	75%
	Net change in fund balance-increase(decrease)	**(24,755.85)**	**158,421.31**	**18,746.00**		

unaudited

Big Lake Economic Development Authority
Statement of Operating Revenues and Expenditures
July 31, 2026

58%

Revenues	**YTD Prior 2025**	**YTD Actual 2026**	**Budget 2026**	**Remaining Budget**	**% of Budget Remaining**	**Comments**
RE & PP Taxes - Current	67,320.12	81,133.35	158,400.00	77,266.65		Property Tax first payment was received in July -
RE & PP Taxes - Delinquent	423.46	516.12	400.00	(116.12)		
Lease/Rental Revenue	14,000.00	14,000.00	-	(14,000.00)		YE entries will be done for lease receivable/def inflow
Property Sales		164,781.94	-	(164,781.94)	-	Sale to Pizza Factory
Miscellaneous Revenue	-	250.00	-	(250.00)	-	1% Revolving Loan Fee - Pizza Factory
Restitution/Damage Payments		200.00	-	(200.00)		
Lease Interest Revenue	-	-	-	-		YE entires will be done to record interest for lease
Loan Interest Revenue	-	-	-	-		
Interest Earned	3,822.26	4,353.61	2,500.00	(1,853.61)		
Sub Total Operating Revenues	85,565.84	265,235.02	161,300.00	(103,935.02)	-64%	
Total Revenues	85,565.84	265,235.02	161,300.00	(103,935.02)		164%
Expenditures						
Wages & Fringe	21,728.35	26,435.67	46,936.00	20,500.33		Community Development Director - 25%
Audit	762.00	1,898.75	1,200.00	(698.75)		
Engineering	1,913.50	-	250.00	250.00		
Legal	385.00	216.00	6,000.00	5,784.00		O&E TITLE WORK
Consultants	11,366.65	8,544.00	5,000.00	(3,544.00)		Old School Building - Phase I,II and TIF Analysis
Real Estate Taxes	2,268.00	1,914.00	2,758.00	844.00		421 Foley
Website	250.00	250.00	250.00	-		
Recording Fees	-	46.00	500.00	454.00		Land Sales
Other Operating Expenses	5.58	-	50.00	50.00		
Advertising	-	-	2,000.00	2,000.00		
Postage	-	10.20	25.00	14.80		
Contractors hired	-	-	100.00	100.00		For land owned - upkeep
Sanitation/Garbage Removal	3,237.44	1,357.82	-	(1,357.82)		
Cleaning Services	2,923.96	2,940.00	1,700.00	(1,240.00)		Restrooms for Pizza Factory cleaning
Liabilitiy Insurance	2,399.25	2,441.25	(3,195.00)	(5,636.25)		Insurance on building
Training/Schools	1,592.50	1,275.33	1,500.00	224.67		Community Development Director - Conferences
Travel & Mileage	208.60	59.45	150.00	90.55		
Meals	-	-	100.00	100.00		
Uniforms	-	-	100.00	100.00		
Repair/Maintenance Bldg Held	-	-	1,500.00	1,500.00		
Electricity	3,307.56	3,101.50	3,600.00			Old School Building
Natural Gas	3,647.74	1,898.66	3,240.00			Old School Building
Water/Sewer Bills	4,325.56	4,425.08	2,400.00	(2,025.08)		421 Foley
Marketing	-	-	10,000.00	10,000.00		
Snow Removal	-	-	-	-		
Total Operating Expenditures	60,321.69	56,813.71	86,164.00	27,510.45	32%	
Other Expenditures:						
Transfers - Fund 141 IPL	50,000.00	50,000.00	50,000.00	-		Transfer to Industrial Park Fund prior year assessments
Total Other Expenditures	50,000.00	50,000.00	50,000.00	-		
Total Expenditures	110,321.69	106,813.71	136,164.00	27,510.45		78%
Operating Revenues less Expenditures	(24,755.85)	158,421.31	25,136.00	(131,445.47)		
Projected Fund Balance Inc/(Decr)	**(24,755.85)**	**158,421.31**	**25,136.00**			
Projected Cash balance Inc/(Decr)	**(24,755.85)**	**158,421.31**				

July 31, 2026

Big Lake Economic Development Authority

Designated Fund Balance

2022 Future Development Projects		215,931.78
*421 Foley Avenue redevelopment work		(35,776.40)
*Reimbursement of Land Purchase (as of March 2026)		150,000.00
Future Development Projects - ending Designated Fund Balance		330,155.38
2021 Revolving Loan Fund Established		100,000.00
**Pizza Factory		(25,000.00)
Total Revolving Loan Fund - ending Designated Fund Balance		75,000.00
		405,155.38
Unreserve Fund Balance		158,797.37
	Total Fund Bal	563,952.75

Reconciliation

GL

DEFERRED REVENUE - DELQ PROPERTY TAX RECEIVABLE	1,420.84
UNRESERVED FUND BALANCE	157,376.53
TOTAL OF UNRESERVE FUND BALANCE	158,797.37

SAC CREDITS	# credits o/s
April 25, 2007 - SAC credits given to BLEDA	14.00
These credit have been awarded to project 11/2019	(14.00)
	-

Big Lake Economic Development Authority
Statement of Loan/Receivables Activity
July 31, 2026

Notes Receivable

Date	Original Balance	Remaining Balance	*Terms*	*Interest Rate*	*Comments*
04/30/26	$ 25,000.00	$ 25,000.00	10 years	4.75%	First Payment 11/1/26

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
Wages			05/31/2026 (05/26) Balance		13,428.35
06/03/2026	PC	31	1,386.96		
06/17/2026	PC	81	1,386.96		
07/01/2026	PC	31	1,386.96		
07/15/2026	PC	89	1,386.96		
07/29/2026	PC	139	1,386.96		

YTD Encumbrance .00 YTD Actual 20,363.15 Total 20,363.15 YTD Budget 36,069.00 Unexpended 15,705.85

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
Insurance Benefits (er)			05/31/2026 (05/26) Balance		2,110.65
06/03/2026	PB	73	422.13		
07/01/2026	PB	72	422.13		

YTD Encumbrance .00 YTD Actual 2,954.91 Total 2,954.91 YTD Budget 4,991.00 Unexpended 2,036.09

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
HSA Accounts			05/31/2026 (05/26) Balance		104.20
06/03/2026	PB	74	10.42		
06/17/2026	PB	163	10.42		
07/01/2026	PB	73	10.42		
07/15/2026	PB	163	10.42		

YTD Encumbrance .00 YTD Actual 145.88 Total 145.88 YTD Budget 250.00 Unexpended 104.12

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
F.I.C.A./Medicare (er)			05/31/2026 (05/26) Balance		884.14
06/03/2026	PB	76	91.64		
06/17/2026	PB	165	91.94		
07/01/2026	PB	75	91.64		
07/15/2026	PB	165	91.94		
07/29/2026	PB	230	101.72		

YTD Encumbrance .00 YTD Actual 1,353.02 Total 1,353.02 YTD Budget 2,760.00 Unexpended 1,406.98

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
P.E.R.A. (er)			05/31/2026 (05/26) Balance		1,007.11
06/03/2026	PB	75	104.02		
06/17/2026	PB	164	104.02		
07/01/2026	PB	74	104.02		
07/15/2026	PB	164	104.02		
07/29/2026	PB	229	104.02		

YTD Encumbrance .00 YTD Actual 1,527.21 Total 1,527.21 YTD Budget 2,706.00 Unexpended 1,178.79

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
PFMLA			05/31/2026 (05/26) Balance		61.00
06/03/2026	PB	77	6.10		
06/17/2026	PB	166	6.10		
07/01/2026	PB	76	6.10		
07/15/2026	PB	166	6.10		
07/29/2026	PB	231	6.10		

YTD Encumbrance .00 YTD Actual 91.50 Total 91.50 YTD Budget 160.00 Unexpended 68.50

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
Audit			05/31/2026 (05/26) Balance		1,898.75

YTD Encumbrance .00 YTD Actual 1,898.75 Total 1,898.75 YTD Budget 1,200.00 Unexpended (698.75)

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
Legal			05/31/2026 (05/26) Balance		126.00

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
06/30/2026	AP	1111	90.00		
			**Inv. No: JUNE 2026 INVOICE **Desc: EDA LEGA - BLACKBIRD GROUP LLC CLOSEOUT **Inv. Date: 06/30/26		

YTD Encumbrance .00 YTD Actual 216.00 Total 216.00 YTD Budget 6,000.00 Unexpended 5,784.00

Other Consultants 05/31/2026 (05/26) Balance 8,544.00

YTD Encumbrance .00 YTD Actual 8,544.00 Total 8,544.00 YTD Budget 5,000.00 Unexpended (3,544.00)

Real Estate Taxes 05/31/2026 (05/26) Balance 1,914.00

YTD Encumbrance .00 YTD Actual 1,914.00 Total 1,914.00 YTD Budget 2,758.00 Unexpended 844.00

Website 05/31/2026 (05/26) Balance .00

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
06/29/2026	AP	6	250.00		
			**Inv. No: 367745 **Desc: 2026 WEBSITE ANNUAL RENEWAL **Inv. Date: 06/29/26		

YTD Encumbrance .00 YTD Actual 250.00 Total 250.00 YTD Budget 250.00 Unexpended .00

Recording Fees/Settlement chgs 05/31/2026 (05/26) Balance 46.00

YTD Encumbrance .00 YTD Actual 46.00 Total 46.00 YTD Budget 500.00 Unexpended 454.00

Cleaning Services 05/31/2026 (05/26) Balance 2,450.00

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
06/15/2026	AP	302	490.00		
			**Inv. No: JUNE 2026 CLEANING **Desc: PUBLIC BATHROOM - JUNE 2026 **Inv. Date: 06/15/26		

YTD Encumbrance .00 YTD Actual 2,940.00 Total 2,940.00 YTD Budget 1,700.00 Unexpended (1,240.00)

Sanitation/Garbage Removal 05/31/2026 (05/26) Balance 897.45

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
06/01/2026	AP	26	460.37		
			**Inv. No: 438663 JUNE 2026 **Desc: BLEDA JUNE 2026 = SCHOOL BLDG/PIZZA FACTORY **Inv. Date: 06/01/26		

YTD Encumbrance .00 YTD Actual 1,357.82 Total 1,357.82 YTD Budget .00 Unexpended (1,357.82)

Postage 05/31/2026 (05/26) Balance 10.20

YTD Encumbrance .00 YTD Actual 10.20 Total 10.20 YTD Budget 25.00 Unexpended 14.80

Training/Schools 05/31/2026 (05/26) Balance 1,275.33

YTD Encumbrance .00 YTD Actual 1,275.33 Total 1,275.33 YTD Budget 1,500.00 Unexpended 224.67

Travel/Mileage 05/31/2026 (05/26) Balance 59.45

YTD Encumbrance .00 YTD Actual 59.45 Total 59.45 YTD Budget 150.00 Unexpended 90.55

Date	Journal	Reference Number	Debit Amount	Credit Amount	Balance
Liability Insurance			05/31/2026 (05/26) Balance		2,441.25
YTD Encumbrance .00	YTD Actual 2,441.25	Total 2,441.25	YTD Budget 3,195.00	Unexpended 753.75	
Electricity			05/31/2026 (05/26) Balance		1,822.01
06/11/2026	AP	520	627.94		
			**Inv. No: 981819421 **Desc: OLD SCHOOL/PIZZA FACTORY MAY 2026 **Inv. Date: 06/11/26		
07/13/2026	AP	1186	651.55		
			**Inv. No: 986082525 **Desc: BLEDA OLD SCHOOL/PIZZA FACTORY - JUNE 2026 **Inv. Date: 07/13/26		
YTD Encumbrance .00	YTD Actual 3,101.50	Total 3,101.50	YTD Budget 3,600.00	Unexpended 498.50	
Natural Gas			05/31/2026 (05/26) Balance		1,857.19
06/30/2026	AP	1029	41.47		
			**Inv. No: JUNE 2026 INVOICES **Desc: 160 LAKE ST - OLD SCHOOL BLDG **Inv. Date: 06/30/26		
YTD Encumbrance .00	YTD Actual 1,898.66	Total 1,898.66	YTD Budget 3,240.00	Unexpended 1,341.34	
Water/Sewer Utilities			05/31/2026 (05/26) Balance		3,629.49
06/30/2026	AP	1139	719.78		
			**Inv. No: JUNE 2026 UB BILLS **Desc: 04-0001490-00 160 LAKE ST N - SCHOOL **Inv. Date: 06/30/26		
06/30/2026	AP	1140	75.81		
			**Inv. No: JUNE 2026 UB BILLS **Desc: 04-00015750-00 421 FOLEY **Inv. Date: 06/30/26		
YTD Encumbrance .00	YTD Actual 4,425.08	Total 4,425.08	YTD Budget 2,400.00	Unexpended (2,025.08)	
Transfers Out			05/31/2026 (05/26) Balance		50,000.00
YTD Encumbrance .00	YTD Actual 50,000.00	Total 50,000.00	YTD Budget 50,000.00	Unexpended .00	

Date	Journal	Reference Number	Payee or Description	Account Number	Debit Amount	Credit Amount	Balance
RE & PP Taxes-Current			05/31/2026 (05/26) Balance	275-000-3101			.00
07/06/2026	CR	400000154	BLEDA TAXES CUR 275-3101 2026 1ST - SHE Description: BLEDA TAXES CUR 275-3101 2026 1ST - SHERBURNE CNTY - 2026 TAX STMNT			81,133.35-	
YTD Encumbrance .00 YTD Actual -81,133.35 Total -81,133.35 YTD Budget -158,400.00 Unearned 77,266.65							
RE & PP Taxes-Delinquent			05/31/2026 (05/26) Balance	275-000-3102			.00
07/06/2026	CR	400000154	BLEDA TAXES DEQL 275-3102 2026 1ST - SH Description: BLEDA TAXES DEQL 275-3102 2026 1ST - SHERBURNE CNTY - 2026 TAX STMNT			516.12-	
YTD Encumbrance .00 YTD Actual -516.12 Total -516.12 YTD Budget -400.00 Unearned (116.12)							
Miscellaneous Revenue			05/31/2026 (05/26) Balance	275-000-3375			250.00-
YTD Encumbrance .00 YTD Actual -250.00 Total -250.00 YTD Budget .00 Unearned (250.00)							
Lease/Rental/CAM Income			05/31/2026 (05/26) Balance	275-000-3940			10,000.00-
06/01/2026	CR	600000125	PIZZA FACTORY JUNE 2026 RENT - PIZZA FA Description: PIZZA FACTORY JUNE 2026 RENT - PIZZA FACTORY			2,000.00-	
07/02/2026	CR	100001530	PIZZA FACTORY JULY 2026 RENT - Description: PIZZA FACTORY JULY 2026 RENT -			2,000.00-	
YTD Encumbrance .00 YTD Actual -14,000.00 Total -14,000.00 YTD Budget .00 Unearned (14,000.00)							
Property Sales			05/31/2026 (05/26) Balance	275-000-3950			164,781.94-
YTD Encumbrance .00 YTD Actual -164,781.94 Total -164,781.94 YTD Budget .00 Unearned (164,781.94)							
Interest Earned			05/31/2026 (05/26) Balance	275-000-3999			3,421.90-
06/17/2026	JE	4	INTEREST ALLOCATION CORRECTION		194.46		
07/05/2026	JE	15	JUNE INTEREST			649.15-	
07/05/2026	CRJE	5	JUNE INTEREST			477.02-	
YTD Encumbrance .00 YTD Actual -4,353.61 Total -4,353.61 YTD Budget -2,500.00 Unearned (1,853.61)							
Resitution/Damage Payments			05/31/2026 (05/26) Balance	275-000-4152			200.00-
YTD Encumbrance .00 YTD Actual -200.00 Total -200.00 YTD Budget .00 Unearned (200.00)							

6D

Community Development Department Update

Prepared By: Marie Popp, Community Development Director

- **Development Pipeline:**
  - **Timber Trails Concept Plan (formerly Hudson Woods):** JP Brooks submitted a concept plan for a residential development expansion adjacent to Hudson Woods. Planning Commission and City Council provided feedback on the concept at the June meetings. Staff is continuing discussions with the developer. More to come as additional work is completed by the developer's team.
  - **Preusse Lake Preserve:** The 31 single- family residential development is located on the North side of Marketplace Drive and East of 172^{nd} Street. The preliminary plat for the development was approved at the July City Council meeting.
  - **Prairie Rose:** The final plat for the first phase (50 homes) was approved at the July City Council meeting.
  - **Prairie Meadows 5^{th}:** The preliminary plat was approved in 2025. The developer has indicated they would like to pursue a PUD amendment, but the full application has not yet been received. More to come as additional information is available.
  - **The Preserve of Big Lake:** A developer submitted a concept plan for review for a 79-unit single family PUD. Planning Commission and City Council will review the plan at the August meetings.
  - **BLIPE Lot Sale:** A cannabis cultivation business is interested in acquiring one of the remaining BLIPE industrial parcels. A special joint meeting for the City Council and Township Board was held on August 3^{rd} to review a letter of intent. The Joint Body approved the LOI. There are additional users in the two remaining parcels.
  - **Industrial Manufacturer interested in newly annexed property:**
    - **Environmental Assessment Worksheet (EAW) Review:** The City is currently reviewing an environmental assessment worksheet for a potential light industrial development located on the parcels recently approved for annexation along Highway 25 and Highway 10 on the west side of Big Lake. The EAW was published on 7/28/26. Final Council action is anticipated on September 16^{th}.
    - **Rezone Application:** The landowners of the recently annexed property have applied for a rezone to officially rezone the property from Agriculture (automatic zoning designation upon annexation) to Industrial, which aligns with the Comprehensive Plan Land Use Map.

    - **Tax Increment Financing:** The project has applied for TIF financing. The Cit's financial consultant is currently reviewing the application. The Planning Commission will review the TIF Plan at the September 8th meeting.

- **421 Foley Avenue:** No new updates since last month. We anticipate receipt of the No Association letter but have been notified it is taking longer than expected due to multiple-state employees being on leave at the same time. Following receipt of the letter, we will be finalizing the scope of work for quotes on building demolition.

- **City Code Update:** Staff is working on proposed code updates to multiple sections of code including landscaping, max building height, downtown development guidelines, and various housekeeping items. Staff anticipates review by Planning Commission and City Council in September.

- **Procedures:** Staff are continuing work on internal procedure updates, zoning and building permit application updates, and review of current ordinances to find opportunities for clarity, efficiency, and modernization. This is an ongoing project.

Permit Numbers YTD

Permit Type	**Permits YTD (7/29/26)**
New Single-Family Construction	5
New Multi-Family Construction	0
New Commercial Construction	2
Commercial Projects (Remodel)	5
Misc	448
TOTAL	460
TOTAL VALUATION	**$15,345,855**