

*The City of Howard Lake strives to build upon its good neighbor traditions –  
A welcoming community for all, supported by vibrant and engaged businesses and community organizations, involved  
citizens, and diverse amenities that provide a well-rounded quality of life.*

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TENTATIVE AGENDA  
February 28, 2024 – 7:00 pm  
\*\*SPECIAL MEETING TIME\*\*

- A. CALL TO ORDER
- B. PLEDGE OF ALLEGIANCE
- C. APPROVAL OF AGENDA  
Any additions, deletions, modifications to the agenda will be done at this time.
- D. COUNCIL MEETING MINUTES
  - a. Consider Approving Minutes from January 16, 2024 Meeting
- E. CITIZEN INPUT
- F. COUNCIL/COMMITTEE REPORT
- G. DEPARTMENT REPORTS
  - a. Liquor Store - P&L January 2024
- H. CONSENT AGENDA
  - a. Consider Accepting all Reports & Payment of Claims.
  - b. Consider Approval of Various Personnel Appointments.
  - c. Consider Approval of 2024 Election Judges – Updated List
  - d. Consider Acknowledging Library Project Change Orders Approved to Date.
- I. PRESENTATIONS, PUBLIC HEARINGS & RELATED APPROVALS
  - a. Nate Walbruch, HLWW School Superintendent Update
- J. NEW BUSINESS
  - a. Consider Various Approvals Related to the 2024 Street & Utility Project.
    - Approve Letter of Conditions for WEP.
      - Approve Request to Obligate Funds.
      - Approve Letter of Intent to Meet Conditions.
    - Approve Letter of Conditions for Community Facilities Loan.
      - Approve Request to Obligate Funds for Street Reconstruction.
      - Approve Letter of Intent to Meet Conditions.
    - Approve Resolution 24-02 Providing Authority to Mayor & Administrator Execute Documents.
  - b. Consider Approval of Architectural Services for Fire Hall Plans.
  - c. Consider Approval of Resolution 24-03 Gambling Permit for the Litchfield Dassel Cokato Hockey Program.
- K. OLD BUSINESS
- L. ADMINISTRATOR'S REPORT
- M. ADJOURN

**SCHEDULE NOTES: The Howard Lake City Council will meeting on February 28, 2024:**

- 6pm            817 8<sup>th</sup> Avenue            Library Construction Site/Tour
- 7pm            625 8<sup>th</sup> Avenue            City Hall, Regular Meeting
- Following Meeting    625 8<sup>th</sup> Avenue/Various    City Hall, Workshop



# CITY OF HOWARD LAKE

Nicholas A. Haggemiller, City Administrator

625 8<sup>TH</sup> Avenue - PO Box 736 - Howard Lake, MN 55349

Phone: 320-543-3670 | [cityadmin@howard-lake.mn.us](mailto:cityadmin@howard-lake.mn.us) | [www.howard-lake.mn.us](http://www.howard-lake.mn.us)

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## HOWARD LAKE CITY COUNCIL

Howard Lake City Hall -

January 16, 2024

### MEETING MINUTES

#### **COUNCIL PRESENT**

Jason Deiter  
Tom Kutz  
Allan Munson  
Gene Gilbert

#### **COUNCIL ABSENT**

Mayor Zimmerman

#### **STAFF PRESENT**

Nick Haggemiller, City Administrator  
Meagan Theisen, Assistant City Administrator

#### **ALSO PRESENT**

Rod Werner  
Bob Wynnemer  
Howard Lake Royalty

#### **CALL TO ORDER**

Acting Mayor Deiter called the meeting to order at 7:00 p.m.

#### **PLEDGE OF ALLEGIANCE**

All present recited the Pledge of Allegiance.

#### **APPROVAL OF AGENDA**

Council Member Kutz moved to approve the agenda. The motion was seconded by Council Member Gilbert and passed unanimously.

#### **APPROVAL OF MINUTES**

Council Member Kutz moved to approve the minutes from the December 4th Council Meeting. The motion was seconded by Council Member Gilbert and passed unanimously.

#### **CITIZEN INPUT**

None.

#### **COUNCIL/COMMITTEE REPORT**

None.

#### **DEPARTMENT REPORTS**

None.

**CONSENT AGENDA**

**a. CONSIDER ACCEPTING ALL REPORTS AND PAYMENT OF CLAIMS**

GENERAL FUND	61867-62076	\$1,797,265.23
PAYROLL	27442-27469, 503091-503162	\$96,257.00
ELECTRONIC	1567-1586	\$84,545.98
<b>TOTAL</b>		<b>\$1,978,068.21</b>
<hr/>		
AMBULANCE CLAIMS	6037-6046	\$10,730.40
ELECTRONIC		
<b>TOTAL</b>		<b>\$10,730.40</b>

- b. Consider Approval of 2024 Fees and Charges Schedule**
- c. Consider Resolution 24-01 Approving 2024 Utility Enterprise Fees & Charges**
- d. Consider Approving Use of Space for Spring Vintage Flea Market**
- e. Consider Approving Renewal of HVAC Maintenance Agreement**
- f. Consider Appointing Election Judges for 2024**

Council Member Munson moved to approve the Consent Agenda. The motion was seconded by Council Member Kutz and passed unanimously.

**PUBLIC HEARING/PRESENTATION**

None.

**NEW BUSINESS**

**a. Consider Request of Howard Lake Royalty for Purchasing a Float Cover for the Parade Float**

Karla Marshal introduced herself and the Royalty Court who were present at the meeting. The group stated that they just worked to remake their entire float over the last 4 years. The storage tarp is leaking and they would like to get it replaced to not damage the float.

Council Member Gilbert moved to approve the purchase of float cover for \$2,147.50. The motion was seconded by Council Member Kutz and passed unanimously.

**b. Consider Request of American Legion Veterans Memorial Committee to Move Location of the Memorial.**

Rod Werner provided an update on the Veterans Memorial, including design/material changes and fundraising. The committee is requesting to move the memorial from the original location, between the library and the splash pad, to just north of the library.

Council Member Kutz expressed that he likes the new proposed location.

Council Member Deiter stated that he likes the line of sight from the more frequently traveled roads.

Werner shared that the next steps are finding contractors and pushing harder for donations.

Haggenmiller stated that the Parks Commission will also need to do an approve on the location change as well.

Council Member Munson moved to approve the location change for the Veterans Memorial. The motion was seconded by Council Member Gilbert and passed unanimously.

**c. Consider Approving Modification to HLFD Automatic Fire Aid Agreement**

Haggenmiller stated this is just a clerical update to the original agreement and it doesn't change the context of the agreement.

Council Member Kutz moved to approve the modification. The motion was seconded by Council Member Gilbert and passed unanimously.

**d. Consider 2024 Committee Appointments and Designations**

Haggenmiller reviewed the staff report.

The only change made was that Council Member Deiter was selected as the Acting Mayor.

The Council discussed the future of many groups and finding more people in Howard Lake to participate.

Council Member Gilbert moved to approve the 2024 Committee Appointments and Designations. The motion was seconded by Council Member Munson and passed unanimously.

**OLD BUSINESS**

None.

**ADMINISTRATORS REPORT**

None.

**ADJOURN**

Council Member Kutz moved to adjourn the meeting at 7:53 pm. The motion was seconded by Council Member Munson and passed unanimously.

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Attest – City Administrator/Clerk

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Mayor

# Howard Lake Wine & Spirits

## Profit & Loss Statement

for the period 1/1/2024 to 1/31/2024

need to update  
with 2024

SALES	Mnthly Amnt	YTD Amount	Budget	% of Budget	2022		+/- Pr Yr
					Mnthly Amt	YTD1Amt	
Liquor	\$ 23,707	\$ 23,707	\$ 294,915	8%	\$ 25,122	\$ 25,122	\$ (1,415)
Beer	\$ 32,551	\$ 32,551	\$ 544,689	6%	\$ 34,292	\$ 34,292	\$ (1,741)
Wine	\$ 10,917	\$ 10,917	\$ 86,534	13%	\$ 6,656	\$ 6,656	\$ 4,261
THC Products	\$ 372	\$ 372	\$ -	N/A	\$ -	\$ -	\$ 372
Discounts	\$ (2,287)	\$ (2,287)	\$ (2,000)	114%	\$ (629)	\$ (629)	\$ (1,658)
Misc(Pop/Mixes)	\$ 1,171	\$ 1,171	\$ 16,040	7%	\$ 1,226	\$ 1,226	\$ (55)
Non Tax	\$ 421	\$ 421	\$ 13,268	3%	\$ 458	\$ 458	\$ (37)
Loyalty Program	\$ -	\$ -	\$ 1	0%	\$ -	\$ -	\$ -
On Sale Revenue - SSEC	\$ 1,411	\$ 1,411	\$ 9,838	14%	\$ 289	\$ 289	
Other Revenue	\$ 22	\$ 22	\$ 23,208	0%	\$ 20	\$ 20	
<b>TOTAL SALES</b>	<b>\$ 68,286</b>	<b>\$ 68,286</b>	<b>\$ 986,493</b>	<b>7%</b>	<b>\$ 67,434</b>	<b>\$ 67,434</b>	<b>\$ (272)</b>
<b>COST OF SALES</b>							
Liquor	\$ 16,923	\$ 16,923	\$ 215,510	8%	\$ 20,007	\$ 20,007	\$ (3,084)
Beer	\$ 22,886	\$ 22,886	\$ 425,588	5%	\$ 28,404	\$ 28,404	\$ (5,518)
Wine	\$ 7,474	\$ 7,474	\$ 59,566	13%	\$ 5,351	\$ 5,351	\$ 2,123
THC Products	\$ 217	\$ 217	\$ -	N/A	\$ -	\$ -	\$ 217
Misc Tax	\$ 1,032	\$ 1,032	\$ 14,525	7%	\$ 996	\$ 996	\$ 36
Misc Non Tax	\$ -	\$ -	\$ 500	0%	\$ -	\$ -	\$ -
Freight	\$ 580	\$ 580	\$ 6,052	10%	\$ 934	\$ 934	\$ (354)
<b>TOTAL COST OF SALES</b>	<b>\$ 49,112</b>	<b>\$ 49,112</b>	<b>\$ 721,741</b>	<b>7%</b>	<b>\$ 55,692</b>	<b>\$ 55,692</b>	<b>\$ (6,580)</b>
<b>GROSS PROFIT</b>	<b>\$ 19,174</b>	<b>\$ 19,174</b>					
<b>EXPENSES</b>							
Wages/Benefits	\$ 12,909	\$ 12,909	\$ 174,000	7%	\$ 13,687	\$ 13,687	\$ (778)
Consulting	\$ -	\$ -	\$ 0	0%	\$ -	\$ -	\$ -
Training & Seminars	\$ -	\$ -	\$ 1,269	0%	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ 1	0%	\$ -	\$ -	\$ -
Dues & Subscriptions	\$ 800	\$ 800	\$ 1	80000%	\$ -	\$ -	\$ 800
Cash Short/Over	\$ 32	\$ 32	\$ -		\$ 74	\$ 74	\$ (42)
Credit Card Expense	\$ 2,855	\$ 2,855	\$ 19,000	15%	\$ 1,920	\$ 1,920	\$ 935
Insurance	\$ -	\$ -	\$ 9,370	0%	\$ -	\$ -	\$ -
Repair & Maintenance	\$ 208	\$ 208	\$ 8,000	3%	\$ 181	\$ 181	\$ 27
Computer Supplies/Technology	\$ 1,600	\$ 1,600	\$ 4,500	36%	\$ 1,600	\$ 1,600	\$ -
Utilities	\$ 682	\$ 682	\$ 13,000	5%	\$ 627	\$ 627	\$ 55
Advertising	\$ -	\$ -	\$ 1	0%	\$ -	\$ -	\$ -
Misc	\$ 88	\$ 88	\$ 7,500	1%	\$ 76	\$ 76	\$ 12
Depreciation	\$ 261	\$ 261	\$ 3,125	8%	\$ 625	\$ 625	\$ (364)
<b>TOTAL EXPENSES</b>	<b>\$ 19,435</b>	<b>\$ 19,435</b>	<b>\$ 239,767</b>	<b>8%</b>	<b>\$ 18,790</b>	<b>\$ 18,790</b>	<b>\$ 645</b>
<b>PROFIT/(LOSS)</b>	<b>\$ (262)</b>	<b>\$ (262)</b>	<b>\$ 24,985</b>		<b>\$ (7,048)</b>	<b>\$ (7,048)</b>	

**CITY OF HOWARD LAKE**  
**CLAIMS & DONATIONS APPROVED**  
**DATE - January 15, 2024-February 23, 2024**

<b>GENERAL FUND</b>	<b>CHECKS: 62077-62240</b>	<b>\$1,050,972.42</b>
<b>PAYROLL</b>	<b>27470-27495, 503163-503239</b>	<b>95,103.17</b>
<b>ELECTRONIC</b>	<b>1587-1625</b>	<b><u>125,205.20</u></b>
<b>TOTAL</b>		<b>\$1,271,280.79</b>

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<b>AMBULANCE CLAIMS</b>	<b>CHECKS: 6047-6055</b>	<b>\$4,506.29</b>
<b>ELECTRONIC</b>		
<b>TOTAL</b>		<b>\$4,506.29</b>

**Approved:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CITY OF HOWARD LAKE

\*Check Summary Register©

Checks 1/15/24-2/23/24

Name	Check Date	Check Amt	
<b>1010 CITIZEN ALLIANCE</b>			
1587e	INTERNAL REVENUE SERVICE	1/16/2024	\$9,002.41 PR 12-29-2023
1588e	MN DEPT OF REVENUE	1/16/2024	\$1,757.76 PR 12-29-2023
1589e	PERA	1/16/2024	\$7,640.13 PR 12-29-2023
1590e	LEAP-WEX	1/16/2024	\$200.00 PR 12-29-2023
1591e	INTERNAL REVENUE SERVICE	1/18/2024	\$9,588.76 PR 01-12-2024
1592e	MN DEPT OF REVENUE	1/18/2024	\$1,861.73 PR 01-12-2024
1593e	PERA	1/18/2024	\$8,425.08 PR 01-12-2024
1594e	LEAP-WEX	1/18/2024	\$1,187.59 PR 01-12-2024
1595e	HEARTLAND PYMT SERVICES	1/18/2024	\$1,363.67
1596e	AUTHNET GATEWAY BILLING	1/18/2024	\$25.00
1597e	PSN	1/18/2024	\$1,130.13
1598e	LS WEEKEND CASH	1/18/2024	\$2,000.00
1599e	CITY OF BUFFALO	1/18/2024	\$60.00 ACCT# 26-022950-00
1600e	WEX HEALTH INC	1/18/2024	\$13.75
1601e	CITIZENS ALLIANCE BANK	1/18/2024	\$30.00 ACH fee
1602e	NCR SECURE PAY	1/22/2024	\$137.18
1603e	MN DEPT OF REVENUE	1/23/2024	\$2,233.00 Sales tax Dec 2023
1604e	MN DEPT OF REVENUE	1/23/2024	\$9,103.00 LS Dec 2023 sales tax
1605e	MN DEPT OF LABOR AND INDUS	1/23/2024	\$478.50 4Q2023 Bdlg surchrg
1606e	INTERNAL REVENUE SERVICE	1/29/2024	\$9,286.15 PR 01-26-2024
1607e	MN DEPT OF REVENUE	1/29/2024	\$1,826.88 PR 01-26-2024
1608e	PERA	1/29/2024	\$8,232.49 PR 01-26-2024
1609e	LEAP-WEX	1/29/2024	\$1,222.59 PR 01-26-2024
1610e	STATE OF MINNESOTA	2/12/2024	\$6,600.00 Jan 2024 LS sales tax
1611e	STATE OF MINNESOTA	2/12/2024	\$2,250.00 Sales tax Jan 2024
1612e	INTERNAL REVENUE SERVICE	2/12/2024	\$9,333.60 PR 2-9-2024
1614e	MN DEPT OF REVENUE	2/12/2024	\$1,757.82 PR 2-9-2024
1615e	PERA	2/12/2024	\$8,069.54 PR 2-9-2024
1616e	LEAP-WEX	2/12/2024	\$1,222.59 PR 2-9-2024
1617e	LS WEEKEND CASH	2/12/2024	\$1,500.00
1618e	AUTHNET GATEWAY BILLING	2/12/2024	\$25.00
1619e	PSN	2/12/2024	\$1,120.54
1620e	WEX HEALTH INC	2/12/2024	\$13.75
1621e	CITIZENS ALLIANCE BANK	2/12/2024	\$79.68
1622e	CITY OF BUFFALO	2/12/2024	\$60.00 ACCT# 26-022950-00
1623e	HEARTLAND PYMT SERVICES	2/12/2024	\$2,829.73
1625e	AETNA HEALTH	2/14/2024	\$13,537.15 January 2024 premiums
27470	GOEPFERT, THOMAS	1/26/2024	\$287.81
27471	MILLER, EDWARD M	1/26/2024	\$223.18
27472	HARTNECK, BEAU P.	1/26/2024	\$639.15
27473	HARTNECK, SEAN M.	1/26/2024	\$123.25
27474	GOEPFERT, THOMAS	2/9/2024	\$122.00
27475	DICKENS, CHRISTENA M	2/9/2024	\$12.00
27476	DRUSCH, JACOB D	2/9/2024	\$161.46
27477	MAGES, ALEX	2/9/2024	\$340.29
27478	PETERSON, JEREMY	2/9/2024	\$92.35
27479	STOLL, ERIC	2/9/2024	\$69.26
27480	WIECH, KYLE	2/9/2024	\$46.17
27481	MILLER, EDWARD M	2/9/2024	\$294.68
27482	BONNICK, STEVEN	2/9/2024	\$352.04
27483	CHAFFINS, GORDON	2/9/2024	\$141.07
27484	HARTNECK, BEAU P.	2/9/2024	\$354.36
27485	HARTNECK, SEAN M.	2/9/2024	\$633.41
27486	GOEPFERT, THOMAS	2/23/2024	\$181.62



CITY OF HOWARD LAKE

\*Check Summary Register©

Checks 1/15/24-2/23/24

Name	Check Date	Check Amt	
27487	DICKENS, CHRISTENA M	2/23/2024	\$12.00
27488	DRUSCH, JACOB D	2/23/2024	\$161.46
27489	MAGES, ALEX	2/23/2024	\$340.29
27490	PETERSON, JEREMY	2/23/2024	\$92.35
27491	STOLL, ERIC	2/23/2024	\$69.26
27492	WIECH, KYLE	2/23/2024	\$46.17
27493	MILLER, EDWARD M	2/23/2024	\$325.89
27494	HARTNECK, BEAU P.	2/23/2024	\$633.41
27495	HARTNECK, SEAN M.	2/23/2024	\$633.41
62077	AMERICAN SOLUTIONS FOR BU	1/17/2024	\$82.57 W-2'S FORMS
62078	CENTERPOINT ENERGY	1/17/2024	\$1,582.61 Library Utilities
62079	CINTAS	1/17/2024	\$80.05
62080	JOE'S SPORT SHOP	1/17/2024	\$431.84
62081	MN FIRE SERVICE CERT BOARD	1/17/2024	\$252.00 B Kittock certification
62082	USA BLUEBOOK	1/17/2024	\$982.66
62083	WEX BANK	1/17/2024	\$137.32
62084	WSB	1/17/2024	\$1,190.00
62085	XCEL ENERGY	1/17/2024	\$574.26
62086	AMAZON CAPITAL SERVICES	1/17/2024	\$199.17
62087	AR ENGH HEATING & AIR	1/17/2024	\$156.25
62088	BELLBOY CORPORATION	1/17/2024	\$677.82
62089	BREAKTHRU BEVERAGE	1/17/2024	\$3,526.19
62090	CAPITOL BEVERAGE SALES	1/17/2024	\$331.45
62091	CINTAS	1/17/2024	\$186.00
62092	DAHLHEIMER BEVERAGE GREE	1/17/2024	\$2,518.55
62093	MEDIACOM LLC	1/17/2024	\$571.07
62094	NELSON ELECTRIC MOTOR REP	1/17/2024	\$443.00
62095	RED BULL DISTRIBUTION CO, IN	1/17/2024	\$54.70
62096	REMER, TANYA	1/17/2024	\$27.51
62097	SOUTHERN GLAZER WINE & SPI	1/17/2024	\$3,041.42
62098	STREICHER'S	1/17/2024	\$106.98 Jacket
62099	WEEGE, ROBERT	1/17/2024	\$1,000.00 House fire -Weege family
62100	CENTERPOINT ENERGY	1/25/2024	\$2,219.27 2023 AP
62101	MUMFORD SANITATION	1/25/2024	\$480.00 2023 AP
62102	MUNSON LAKES NUTRITION	1/25/2024	\$39.98 2023 AP
62103	XCEL ENERGY	1/25/2024	\$166.40 2023 AP
62104	AMERICAN SOLUTIONS FOR BU	1/25/2024	\$939.65
62105	BELLBOY CORPORATION	1/25/2024	\$109.99
62106	CAPITOL BEVERAGE SALES	1/25/2024	\$3,677.40
62107	CINTAS	1/25/2024	\$160.10
62108	DAHLHEIMER BEVERAGE GREE	1/25/2024	\$2,212.89
62109	EARTHLINK INC	1/25/2024	\$15.26
62110	FARM-RITE EQUIPMENT, INC	1/25/2024	\$232.97
62111	H&L MESABI	1/25/2024	\$2,694.80
62112	HAWKINS, INC	1/25/2024	\$30.00
62113	JOE'S SPORT SHOP	1/25/2024	\$975.89
62114	JOHNSON BROTHERS LIQUOR C	1/25/2024	\$951.23
62115	MARCO	1/25/2024	\$435.99
62116	MN CHIEFS OF POLICE ASSN_	1/25/2024	\$376.00 Membership 2024
62117	MN PUBLIC FACILITIES AUTHOR	1/25/2024	\$21,551.43 2011 PFA Water Revenue Note
62118	MN VALLEY TESTING LAB, INC	1/25/2024	\$52.75
62119	JIM OTTENSTROER	1/25/2024	\$89.98 2023 AP
62120	PAUMEN COMPUTER SERVICES	1/25/2024	\$775.00
62121	PAUSTIS WINE COMPANY	1/25/2024	\$558.00
62122	PHILLIPS WINE & SPIRITS	1/25/2024	\$4,952.48

CITY OF HOWARD LAKE

**\*Check Summary Register©**

Checks 1/15/24-2/23/24

Name	Check Date	Check Amt	
62123	PLUNKETT'S PEST CONTROL	1/25/2024	\$123.83 Plunketts
62124	SECURITY BANK & TRUST	1/25/2024	\$5,919.48 Interest pmt
62125	THE LINCOLN NATIONAL LIFE IN	1/25/2024	\$1,297.53 January 2024
62126	THEIN WELL	1/25/2024	\$7,034.05
62127	TIMMYS PUB CLUB, LLC	1/25/2024	\$40.00
62128	VERIZON CONNECT NWF, INC	1/25/2024	\$97.14
62129	VIKING COCA-COLA	1/25/2024	\$188.20
62130	VISA	1/25/2024	\$1,500.51
62131	WRIGHT HENNEPIN ELECTRIC	1/25/2024	\$1,348.00
62132	FIRST INDEPENDENT BANK	2/1/2024	\$0.00 2023A GO interest pmt
62133	BELLBOY CORPORATION	2/1/2024	\$2,224.34
62134	BREAKTHRU BEVERAGE	2/1/2024	\$719.34
62135	SOUTHERN GLAZER WINE & SPI	2/1/2024	\$2,523.18
62136	WASTEWATER COMMISSION	2/1/2024	\$58,990.79 December 2023
62137	WSB	2/1/2024	\$1,455.00 AP 2023 Dec billing
62138	BURAU, KELLI	2/1/2024	\$75.00 Bingo supplies
62139	CANVAS WORKS	2/1/2024	\$2,000.00 Float cover
62140	CENTURYLINK	2/1/2024	\$630.17 CenturyLink
62141	CINTAS	2/1/2024	\$80.05
62142	DAKOTA SUPPLY GROUP	2/1/2024	\$1,771.94 Meters for Library
62143	HOWARD LAKE FIRE RELIEF AS	2/1/2024	\$5,000.00 Maple Lake Lions donation
62144	MEDIACOM LLC	2/1/2024	\$156.90
62145	METRO WEST INSPECTION SER	2/1/2024	\$1,486.85
62146	PLUNKETT'S PEST CONTROL	2/1/2024	\$33.25
62147	SIMMS AUTO PARTS INC	2/1/2024	\$8.49
62148	T-MOBILE	2/1/2024	\$342.43 T Mobile
62149	VERIZON	2/1/2024	\$120.03 Vrizon
62150	VISA	2/1/2024	\$320.44 Visa
62151	BREAKTHRU BEVERAGE	2/7/2024	\$989.92
62152	CAPITOL BEVERAGE SALES	2/7/2024	\$4,320.45
62153	DAHLHEIMER BEVERAGE GREE	2/7/2024	\$6,992.19
62154	JOHNSON BROTHERS LIQUOR C	2/7/2024	\$2,061.43
62155	MYRA LAWAY	2/7/2024	\$30.57
62156	PHILLIPS WINE & SPIRITS	2/7/2024	\$659.62
62157	VIKING COCA-COLA	2/7/2024	\$263.80
62158	ARLIEN, LOUISE	2/7/2024	\$50.00 Murder Mystery Dinner
62159	BOLTON & MENK, INC	2/7/2024	\$61,505.50
62160	KEITH BOBROWSKE	2/7/2024	\$65.00 Cell Allowance
62161	BOLTON & MENK, INC	2/7/2024	\$450.00
62162	CENTERPOINT ENERGY	2/7/2024	\$1,120.24
62163	COKATO TRANSPORTATION, IN	2/7/2024	\$210.00
62164	TRACI DRAKE	2/7/2024	\$1.65 Refund overpmt of UB acct 00 253 00
62165	FINKEN WATER CENTERS	2/7/2024	\$20.00
62166	GOPHER STATE ONE-CALL, INC	2/7/2024	\$75.65
62167	NICK HAGGENMILLER	2/7/2024	\$365.00 Cell Allowance
62168	HALVORSON LEGAL	2/7/2024	\$1,650.00 Legal services
62169	JOE'S SPORT SHOP	2/7/2024	\$434.32
62170	KLINE, STEPHEN	2/7/2024	\$219.06 Refund overpmt UB acct 00 4011 00
62171	MYRA LAWAY	2/7/2024	\$81.58 Cell Allowance
62172	MARCO TECHNOLOGIES LLC	2/7/2024	\$579.65
62173	DEBRA MCALPINE	2/7/2024	\$65.00 Car Allowance
62174	MEI TOTAL ELEVATOR SOLUTIO	2/7/2024	\$1,049.40
62175	JARED MERGES	2/7/2024	\$65.00 Cell Allowance
62176	MN DNR ECO WATERS	2/7/2024	\$875.13 Water permit # 1984-3227
62177	MONSON, ANIKA	2/7/2024	\$58.96 City Hall Mailing UB

CITY OF HOWARD LAKE

\*Check Summary Register©

Checks 1/15/24-2/23/24

Name	Check Date	Check Amt	
62178	MUMFORD SANITATION	2/7/2024	\$11,961.43 COMPOST LEASE Jan 2024
62179	NCPERS GROUP LIFE INS	2/7/2024	\$64.00 INV # 536600012024
62180	JIM OTTENSTROER	2/7/2024	\$65.00 Cell Allowance
62181	PLUNKETT'S PEST CONTROL	2/7/2024	\$96.29
62182	PRECISION UTILITIES	2/7/2024	\$6,060.00 New Curb stop
62183	CLAYTON PRESTIDGE	2/7/2024	\$65.00 Cell Allowance
62184	SIMMS AUTO PARTS INC	2/7/2024	\$81.97
62185	SNOWPLOWS PLUS	2/7/2024	\$44.99
62186	THEISEN, MEAGAN	2/7/2024	\$215.00 Cell Allowance
62187	TRITECH SOFTWARE SYSTEMS,	2/7/2024	\$2,486.98 Trittech software
62188	WEX BANK	2/7/2024	\$85.00 Gas
62189	WRIGHT COUNTY FINANCE DEP	2/7/2024	\$210.57
62190	GOOD NEIGHBOR DAYS-MEAGA	2/8/2024	\$2,020.00 GND Purse Bingo
62191	SIMMS AUTO PARTS INC	2/15/2024	\$162.47
62192	WASTEWATER COMMISSION	2/15/2024	\$7,000.00 SAC 905 Shoreline Dr # 23-202
62193	AMAZON CAPITAL SERVICES	2/15/2024	\$275.00
62194	BELLBOY CORPORATION	2/15/2024	\$702.28
62195	BREAKTHRU BEVERAGE	2/15/2024	\$8,322.34
62196	BUFFALO AMERICAN LEGION	2/15/2024	\$40.00 Wedding Fair fee
62197	CALIBRATIONS AND CONTROLS	2/15/2024	\$975.00
62198	CAPITOL BEVERAGE SALES	2/15/2024	\$1,669.85
62199	CINTAS	2/15/2024	\$266.05
62200	DAHLHEIMER BEVERAGE GREE	2/15/2024	\$5,512.45
62201	FRONT LINE PLUS FIRE & RESC	2/15/2024	\$1,400.00
62202	GB LAND LLC .	2/15/2024	\$60.00 Refund overpmt UB acct 00 3711 00
62203	GRANITE ELECTRONICS	2/15/2024	\$5,283.00 PAGERS
62204	HERALD JOURNAL PUBLISHING	2/15/2024	\$59.00 Annual subscription Herald Journal
62205	INTL UNION OF OPERATING EN	2/15/2024	\$105.00 January dues
62206	IUOE LOCAL 49 FRINGE BENEFI	2/15/2024	\$48.00 January dues
62207	JOHNSON BROTHERS LIQUOR C	2/15/2024	\$2,189.56
62208	LEAGUE OF MN CITIES INS TRU	2/15/2024	\$80,592.00 Annual insurance premium
62209	MEDIACOM LLC	2/15/2024	\$11.27
62210	MIDWEST MACHINERY CO	2/15/2024	\$82.39
62211	MN VALLEY TESTING LAB, INC	2/15/2024	\$105.50
62212	NELSON ELECTRIC MOTOR REP	2/15/2024	\$200.00
62213	NUSS TRUCK & EQUIPMENT	2/15/2024	\$125,372.39 2024 Mack Truck-partial
62214	PETTY CASH -MEAGAN THEISE	2/15/2024	\$115.34
62215	PHILLIPS WINE & SPIRITS	2/15/2024	\$1,497.98
62216	PIT STOP TIRE & AUTO	2/15/2024	\$810.03
62217	PREMIUM WATERS, INC	2/15/2024	\$42.97
62218	RED BULL DISTRIBUTION CO, IN	2/15/2024	\$42.00
62219	SIMMS AUTO PARTS INC	2/15/2024	\$81.97
62220	SOUTHERN GLAZER WINE & SPI	2/15/2024	\$1,431.36
62221	THE HOME CITY ICE COMPANY	2/15/2024	\$202.99
62222	VERIZON CONNECT NWF, INC	2/15/2024	\$97.14
62223	VINOCOPIA, INC	2/15/2024	\$522.00
62224	XCEL ENERGY	2/15/2024	\$8,383.89
62225	BCI CONSTRUCTION INC.	2/15/2024	\$18,335.48 Application 1
62226	BCI RENTALS	2/15/2024	\$2,362.25
62227	CENTERPOINT ENERGY	2/15/2024	\$2,985.76
62228	CONTEGRITYGROUP	2/15/2024	\$27,391.48
62229	CULLIGAN OF BUFFALO	2/15/2024	\$56.71
62230	DESIGN ELECTRICAL CONTRAC	2/15/2024	\$107,108.18 Application 6
62231	HEARTLAND GLASS CO. INC.	2/15/2024	\$124,875.09 Application 5
62232	KING OF PORTABLES CORPORA	2/15/2024	\$145.00

CITY OF HOWARD LAKE

**\*Check Summary Register©**

Checks 1/15/24-2/23/24

Name	Check Date	Check Amt	
62233	MCDOWALL COMPANY	2/15/2024	\$45,439.45 Application 1HLNPL-03
62234	OLYMPIC COMPANIES, INC.	2/15/2024	\$15,889.70 Application 6
62235	PROGRESSIVE BUILDING SYST	2/15/2024	\$108,098.74
62236	TWO RIVERS ENTERPRISES	2/15/2024	\$263.08
62237	VEIT & COMPANIES, INC	2/15/2024	\$2,710.00
62238	XCEL ENERGY	2/15/2024	\$1,140.98
62239	JK LANDSCAPE CONSTRUCTIO	2/21/2024	\$500.00 Lions Project-down payment
62240	PARAMETERS, LTD	2/21/2024	\$74,956.13 Library Furniture down payment
503163e	HAGGENMILLER, NICHOLAS A	1/26/2024	\$4,144.51
503164e	MERGES, JARED M	1/26/2024	\$2,482.59
503165e	REMER, TANYA M	1/26/2024	\$1,506.11
503166e	THEISEN, MEAGAN	1/26/2024	\$2,245.80
503167e	OTTENSTROER, JAMES D	1/26/2024	\$1,638.47
503168e	PRESTIDGE, CLAYTON P	1/26/2024	\$1,561.76
503169e	SWENDSEN, JENNIFER	1/26/2024	\$1,872.91
503170e	DE'ENGUARDE, ASPEN K.	1/26/2024	\$449.62
503171e	GROW, SAMANTHA L.	1/26/2024	\$12.66
503172e	LAWAY, MYRA	1/26/2024	\$2,108.40
503173e	MCALPINE, DEBRA-ANN	1/26/2024	\$1,291.80
503174e	MCALPINE, LEXI	1/26/2024	\$105.50
503175e	VIRNALA, TASIA, R	1/26/2024	\$528.50
503176e	HAGLIN, SERENA P	1/26/2024	\$72.81
503177e	JOHNSON, JACOB D	1/26/2024	\$1,996.44
503178e	PREUSSE, MITCHELL D	1/26/2024	\$315.84
503179e	SZCZEPANIK, DARIUSZ J	1/26/2024	\$2,302.42
503180e	THOMPSON, DAVID G	1/26/2024	\$2,711.87
503181e	THOMPSON, KYLE	1/26/2024	\$1,302.13
503182e	HAGGENMILLER, NICHOLAS A	2/9/2024	\$4,160.15
503183e	MERGES, JARED M	2/9/2024	\$2,151.28
503184e	REMER, TANYA M	2/9/2024	\$1,519.58
503185e	THEISEN, MEAGAN	2/9/2024	\$2,268.76
503186e	OTTENSTROER, JAMES D	2/9/2024	\$1,932.91
503187e	PRESTIDGE, CLAYTON P	2/9/2024	\$1,613.28
503188e	SWENDSEN, JENNIFER	2/9/2024	\$1,932.33
503189e	BOBROWSKE, KEITH	2/9/2024	\$92.35
503190e	BRAVINDER, SETH Z	2/9/2024	\$69.26
503191e	DRUSCH, ZACHARY R.	2/9/2024	\$552.04
503192e	IMHOLTE, SOPHIA C	2/9/2024	\$184.08
503193e	KITTOCK, BRIAN	2/9/2024	\$92.35
503194e	KITTOCK, NICOLE D	2/9/2024	\$36.17
503195e	LOEBERTMANN, AMANDA G	2/9/2024	\$92.35
503196e	LOEBERTMANN, CRAIG	2/9/2024	\$92.35
503197e	PETERSON, DAVID T	2/9/2024	\$184.70
503198e	STUEVEN, MARK J	2/9/2024	\$92.35
503199e	DE'ENGUARDE, ASPEN K.	2/9/2024	\$304.16
503200e	GROW, SAMANTHA L.	2/9/2024	\$12.66
503201e	LAWAY, MYRA	2/9/2024	\$2,130.11
503202e	MAGES, LAURA A	2/9/2024	\$12.66
503203e	MCALPINE, DEBRA-ANN	2/9/2024	\$1,297.26
503204e	MCALPINE, LEXI	2/9/2024	\$44.25
503205e	VIRNALA, TASIA, R	2/9/2024	\$399.49
503206e	JOHNSON, JACOB D	2/9/2024	\$2,017.64
503207e	PREUSSE, MITCHELL D	2/9/2024	\$677.90
503208e	SZCZEPANIK, DARIUSZ J	2/9/2024	\$2,320.11
503209e	THOMPSON, DAVID G	2/9/2024	\$2,700.83

CITY OF HOWARD LAKE

\*Check Summary Register©

Checks 1/15/24-2/23/24

Name	Check Date	Check Amt	
503210e	THOMPSON, KYLE	2/9/2024	\$616.77
503211e	HAGGENMILLER, NICHOLAS A	2/23/2024	\$4,160.15
503212e	MERGES, JARED M	2/23/2024	\$2,168.96
503213e	REMER, TANYA M	2/23/2024	\$1,519.58
503214e	THEISEN, MEAGAN	2/23/2024	\$2,268.76
503215e	OTTENSTROER, JAMES D	2/23/2024	\$1,820.32
503216e	PRESTIDGE, CLAYTON P	2/23/2024	\$1,654.44
503217e	SWENDSEN, JENNIFER	2/23/2024	\$1,932.33
503218e	BOBROWSKE, KEITH	2/23/2024	\$92.35
503219e	BRAVINDER, SETH Z	2/23/2024	\$69.26
503220e	DRUSCH, ZACHARY R.	2/23/2024	\$552.04
503221e	IMHOLTE, SOPHIA C	2/23/2024	\$184.08
503222e	KITTOCK, BRIAN	2/23/2024	\$92.35
503223e	KITTOCK, NICOLE D	2/23/2024	\$36.17
503224e	LOEBERTMANN, AMANDA G	2/23/2024	\$92.35
503225e	LOEBERTMANN, CRAIG	2/23/2024	\$92.35
503226e	PETERSON, DAVID T	2/23/2024	\$184.70
503227e	STUEVEN, MARK J	2/23/2024	\$92.35
503228e	DE'ENGUARDE, ASPEN K.	2/23/2024	\$259.46
503229e	GROW, SAMANTHA L.	2/23/2024	\$272.04
503230e	KOOSMAN, HOPE A	2/23/2024	\$44.29
503231e	LAWAY, MYRA	2/23/2024	\$2,130.11
503232e	MAGES, LAURA A	2/23/2024	\$69.59
503233e	MCALPINE, DEBRA-ANN	2/23/2024	\$1,297.26
503234e	MCALPINE, LEXI	2/23/2024	\$81.68
503235e	VIRNALA, TASIA, R	2/23/2024	\$384.59
503236e	JOHNSON, JACOB D	2/23/2024	\$2,017.64
503237e	PREUSSE, MITCHELL D	2/23/2024	\$1,778.23
503238e	SZCZEPANIK, DARIUSZ J	2/23/2024	\$2,416.30
503239e	THOMPSON, DAVID G	2/23/2024	\$2,700.83
<b>Total Checks</b>			<b>\$1,271,280.79</b>

FILTER: [Check Date] between #1/15/24# and #2/23/24# and [Check Nbr]>0 and [Cash Act]='1010'

**CITY OF HOWARD LAKE**

**\*Check Summary Register©**

Checks 1/15/24-2/23/24

	<b>Name</b>	<b>Check Date</b>	<b>Check Amt</b>	
<b>1012</b>	<b>CAB - AMBULANCE</b>			
6047	ALLINA HEALTH EMS	1/18/2024	\$200.00	ALLINA HEALTH
6048	CITY OF HOWARD LAKE	1/18/2024	\$2,913.00	December wages
6049	EMERGENCY MEDICAL TRAININ	1/18/2024	\$350.00	C Dickens EMT training 12/12/23
6050	JOE'S SPORT SHOP	1/18/2024	\$224.80	Joes Sports
6051	KEAVENY PHARMACY	1/18/2024	\$56.20	Medical supplies
6052	CITY OF ROCHESTER HILLS	1/18/2024	\$230.00	j Drusch train 1/17-19
6053	ALEX MAGES	2/1/2024	\$200.00	A. Mages training
6054	T-MOBILE	2/1/2024	\$47.28	T Mobile
6055	VISA	2/1/2024	\$285.01	Visa
	<b>Total Checks</b>		<b>\$4,506.29</b>	

FILTER: [Check Date] between #1/15/24# and #2/23/24# and [Check Nbr]>0 and [Cash Act]='1012'



# HOWARD LAKE CITY COUNCIL MEETING

February 28, 2024

**AGENDA ITEM:** Consider Accepting Various Personnel Appointments

**SECTION:** Consent

**FROM:** Meagan Theisen, Assistant City Administrator

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**BACKGROUND:** Per statute, the City Administrator appoints and the City Council confirms employment classification as part of the official record. The following individuals are submitted for approval:

- Hired – Jennifer Borrell – Event Tender (Reeds & Rushes and SSEC)
- Hired – Joanna Borrell – Event Tender (Reeds & Rushes and SSEC)
- Hired – Josh Borrell – Event Tender (Reeds & Rushes and SSEC)
- Hired (Additional Department) – Nicole Kittock – Event Tender (Reeds & Rushes and SSEC)
- Hired – Hope Koosman – Event Tender (Reeds & Rushes and SSEC)
- Hired – Brad Koosman – Event Tender (Reeds & Rushes and SSEC)
- Hired – Laura Mages – Event Tender (Reeds & Rushes and SSEC)
- Hired – Becky Horstmann – Event Tender (Reeds & Rushes and SSEC)

**DECISION MAKING METRICS:**

**FINANCIAL:** This position is budgeted as part of the 2024 General Fund Budget.

**LEGAL:** All personnel appointments are contingent upon successful background check.

**STRATEGIC PLAN:** Deliver High Quality, Reliable Infrastructure and Public Services

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**COUNCIL ACTION REQUESTED:** Approve appointments as presented.

**ATTACHMENTS:** N/A



# HOWARD LAKE CITY COUNCIL MEETING

February 28, 2024

**AGENDA ITEM:** Consider the Approval of Election Judges for 2024 - Updated

**SECTION:** Consent

**FROM:** Meagan Theisen, Assistant City Administrator

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**BACKGROUND:** The City Council appoints election judges. These appointments must be made and submitted to the State of Minnesota by the end of January.

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**COMMENTS:** The following individuals have been identified as proposed election judges for the Presidential Primary on March 5, 2024.

Head Election Judge: Traci Drake  
Assistant Election Judge: Meagan Theisen

Nick Haggemiller  
Tanya Remer  
Rhonda Frey  
Wanda Werner  
Heather Miller  
Barb Guenigsman  
Jean Schmidt  
Jim Heuer  
Michelle Berg  
David Marks  
Susan Jude  
Kylee Fie

Note – while these judges will likely serve for the actual General Election, the city council will be asked to act formally once again to assign judges closer to the election as well.

Staff is currently looking for additional people to be election judges for 2024.

**OPTIONS:** Council may approve, deny or modify in part.

**FINANCIAL IMPACT:** Election judges are compensated as well as provided meals and snacks during the Election Day itself. These are budgeted expenses.

**LEGAL ISSUES:** The list of election judges must be submitted to Wright County and the State of Minnesota.

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**STAFF RECOMMENDATION:** Approve the individuals listed as presented as election judges for the year 2024.

**ATTACHMENTS:** N/A





# HOWARD LAKE CITY COUNCIL MEETING

February 28, 2024

**AGENDA ITEM:** Consider Acknowledging Library Project Change Orders Approved to Date

**SECTION:** Consent

**FROM:** Nick Haggemiller, City Administrator

---

**BACKGROUND:** Council approved for City Administrator Haggemiller to approve up to \$25,000 per change order for the Library project in July when approving Resolution 23-18. To date, the City has expensed \$2,687,718.29 on the project, including \$64,297 in change orders. The remaining balance on the contract is \$2,922,058.45.

Therefore, the project is currently running consistent with the adopted budget set forth by the city council.

---

## DECISION MAKING METRICS:

**FINANCIAL:** The total approved budget for the Library Project was \$5,609,776.74.

**LEGAL:** The project owner is the EDA which consists of the City Council. The intent of this is to be transparent and comprehensive with the financial reporting of this project.

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**COUNCIL ACTION REQUESTED:** Acknowledge Library Project Change Orders Approved to Date

## ATTACHMENTS:

1. Total Budget for Howard Lake Library Project
2. Howard Lake Library Change Order Log

# City of Howard Lake Library

CGI #1535



Date: **January 25, 2024**

CATEGORY OF WORK		TRADE CONTRACTOR NAME	ORIGINAL CONTRACT	CHANGE ORDERS	ADJUSTED CONTRACT	PAID TO DATE	BALANCE TO FINISH
1	Earthwork / Exterior Improvements / Utilities	New Look Contracting, Inc.	\$398,975.00	\$0.00	\$398,975.00	\$298,939.35	\$100,035.65
2	Landscaping	Autumn Ridge Landscaping, Inc.	\$111,466.00	\$0.00	\$111,466.00	\$0.00	\$111,466.00
3	Concrete	Ultra Concrete	\$154,800.00	\$0.00	\$154,800.00	\$138,181.60	\$16,618.40
4	Masonry	Rice Lake Construction Group	\$468,250.00	\$0.00	\$468,250.00	\$268,137.50	\$200,112.50
5	Structural Steel Erection	Vos Construction	\$33,360.00	\$0.00	\$33,360.00	\$29,792.00	\$3,568.00
6	Rough Carpentry	BCI Construction, Inc.	\$44,700.00	\$0.00	\$44,700.00	\$0.00	\$44,700.00
7	Casework	Woodside Industries, Inc.	\$132,128.74	\$892.14	\$133,020.88	\$6,521.75	\$126,499.13
8	Metal Panel Siding & Roofing	Progressive Building Systems	\$791,631.00	\$19,868.00	\$811,499.00	\$467,076.43	\$344,422.57
9	Aluminum Windows / Doors & Glazing	Heartland Glass Company, Inc.	\$298,997.00	\$4,627.00	\$303,624.00	\$119,269.69	\$184,354.31
10	Gypsum Board	Olympic Companies, Inc.	\$514,900.00	\$5,255.00	\$520,155.00	\$416,874.25	\$103,280.75
11, 13	Tile / Flooring	Grazzini Brothers & Company	\$52,075.00	-\$559.00	\$51,516.00	\$2,574.50	\$48,941.50
12	Acoustical Treatments	St. Cloud Acoustics, Inc.	\$39,800.00	\$0.00	\$39,800.00	\$0.00	\$39,800.00
14	Painting	High Performance Coatings, Inc.	\$32,835.00	\$0.00	\$32,835.00	\$0.00	\$32,835.00
16	Mechanical / Plumbing	Wenzel Plymouth Plumbing	\$174,330.00	\$9,851.00	\$184,181.00	\$87,400.00	\$96,781.00
17	HVAC	McDowall Company	\$289,700.00	\$14,036.00	\$303,736.00	\$81,806.40	\$221,929.60
18	Testing / Adjusting & Balancing	Marcus Global, Inc. dba <b>SMB of Minnesota</b>	\$4,200.00	\$0.00	\$4,200.00	\$0.00	\$4,200.00
19	Electrical / Communications / Safety & Security	Design Electric, Inc.	\$417,770.00	-\$4,237.00	\$413,533.00	\$109,589.86	\$303,943.14
20	Steel Supply - Material Only	Construction Systems, Inc.	\$77,208.00	\$2,762.00	\$79,970.00	\$75,971.50	\$3,998.50
21	Standard Doors / Frames / Hardware - M.O.	Mid Central Door	\$76,059.00	\$11,802.00	\$87,861.00	\$55,210.44	\$32,650.56
22	Specialties - Material Only	Building Material Supply, Inc.	\$33,671.00	\$0.00	\$33,671.00	\$0.00	\$33,671.00
<b>TRADE CONTRACTOR TOTAL:</b>			<b>\$4,146,855.74</b>	<b>\$64,297.14</b>	<b>\$4,211,152.88</b>	<b>\$2,157,345.27</b>	<b>\$2,053,807.61</b>
<b>Contingency</b>	Budget		\$321,788.00	-\$98,958.14	\$222,829.86	\$0.00	\$222,829.86
<b>General Conditions</b>	Budget		\$383,612.00	\$0.00	\$383,612.00	\$197,896.91	\$185,715.09
<b>CM Fee</b>	Contegrity Group, Inc.		\$98,000.00	\$0.00	\$98,000.00	\$79,380.00	\$18,620.00
<b>Architect / Engineering / Cx Fee</b>	BKV Group		\$174,702.00	\$0.00	\$174,702.00	\$150,830.00	\$23,872.00
<b>Architect Reimbursables</b>	BKV Group		\$5,000.00	\$0.00	\$5,000.00	\$1,093.72	\$3,906.28
<b>Architect Rebid</b>	BKV Group		\$40,750.00	\$0.00	\$40,750.00	\$40,333.00	\$417.00
<b>Pre Design Commissioning</b>	Hallberg		\$2,480.00	\$0.00	\$2,480.00	\$1,540.00	\$940.00
<b>Construct Commissioning</b>	Hallberg		\$15,000.00	\$0.00	\$15,000.00	\$0.00	\$15,000.00
<b>CONSTRUCTION TOTAL:</b>			<b>\$5,188,187.74</b>	<b>-\$34,661.00</b>	<b>\$5,153,526.74</b>	<b>\$2,628,418.90</b>	<b>\$2,525,107.84</b>
<b>Building Permit / Plan Review</b>			\$23,800.00	\$0.00	\$23,800.00	\$0.00	\$23,800.00
<b>WAC / SAC (Water and Sewer Access Fees)</b>			\$25,500.00	\$0.00	\$25,500.00	\$0.00	\$25,500.00
<b>FF&amp;E (Furniture-Equipment-Moving)</b>			\$201,798.00	\$0.00	\$201,798.00	\$0.00	\$201,798.00
<b>Utility Re-location</b>			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Technology - AV</b>			\$53,471.00	\$0.00	\$53,471.00	\$0.00	\$53,471.00
<b>Signage - Exterior/Interior</b>			\$40,000.00	\$0.00	\$40,000.00	\$0.00	\$40,000.00
<b>Artwork</b>			\$20,000.00	\$0.00	\$20,000.00	\$0.00	\$20,000.00
<b>Cameras / card readers / fire alarms</b>	<b>WH Security</b>		\$0.00	\$34,661.00	\$34,661.00	\$0.00	\$34,661.00
<b>Misc. Owner Items</b>			\$57,020.00	\$0.00	\$57,020.00	\$59,299.39	-\$2,279.39
<b>PROJECT TOTAL:</b>			<b>\$5,609,776.74</b>	<b>\$0.00</b>	<b>\$5,609,776.74</b>	<b>\$2,687,718.29</b>	<b>\$2,922,058.45</b>

# Change Order Log

City of Howard Lake Library #1535

DATE ISSUED	C. O. NO	TRADE CONTRACTOR	DESCRIPTION OF CHANGE ORDER	Signed By OWNER Haggenmiller	Signed By ARCHITECT Morgan	Signed By CONTRACTOR	Signed By USDA Wickliff	FULLY EXECUTED	DOLLAR AMOUNT
7.19.23	1	Construction Systems, Inc .	RFI Changed A.Bolts	7.19.23	7.19.23	7.19.23	8.29.23	8.29.23	391.00
8.30.23	1	Design Electric, Inc.	PR 1: Mechanical and Fire Alarm Changes & Misc.	8.31.23	9.1.23	8.31.23	9.19.23	9.19.23	1,658.00
8.30.23	1	McDowall Company	PR 1: Mechanical and Fire Alarm Changes & Misc.	8.31.23	9.1.23	9.7.23	9.19.3	9.19.23	3,161.00
8.30.23	1	Heartland Glass Company, Inc.	Hardware finish changes	8.31.23	9.1.23	9.5.23	8.31.23	9.5.23	2,100.00
8.31.23	1	Wenzel Plymouth Plumbing	<b>Community</b> Room sink; <b>Added</b> floor drains	8.31.23	9.1.23	8.31.23	9.19.23	9.19.23	7,285.00
9.15.23	1	Mid Central Door	Red Lines and Adjustments - required hardware changes	9.18.23	9.15.23	9.19.23	9.19.23	9.19.23	13,699.00
9.22.23	2	Heartland Glass Company, Inc.	Hdwr changes - thermal break in alum. Door/curtainwall assembly	9.25.23	9.29.23	9.25.23	9.27.23	9.29.23	2,527.00
10.23.23	2	Design Electric, Inc.	Fire alarm system removal	10.23.23	10.24.23	10.23.23	10.26.203	10.26.23	(9,402.00)
11.17.23	2	Construction Systems, Inc .	<b>Added</b> plate; 80 LF <b>Added</b> bent plate; <b>Added</b> beam kicker	11.20.23	11.20.23	11.20.23	11.30.23	11.30.23	2,371.00
11.17.23	1	Olympic Companies	<b>RFI 27:</b> Adds CFMF joist infill; <b>RFI 28:</b> Gyp bd./hat channel; <b>PR 2:</b> Walk off carpet & col. Encl.	11.20.23	11.20.23	11.27.23	11.30.23	11.30.23	2,100.00
11.17.23	2	Mid Central Door	Remove all cylinders and pinning for wood, HM & Alum. Openings	11.20.23	11.20.23	11.17.23	11.30.23	11.30.23	(1,897.00)
2.1.24	1	Grazzini Brothers & Company	PR 2: Walkoff carpet & column enclosure						(559.00)
2.1.24	3	Design Electric, Inc.	<b>Changes</b> to the AV rough-in locations; <b>Add</b> curcuit on Furnace F5			2.1.24			3,507.00
2.1.24	2	McDowall Company	<b>Add</b> 4 branch ducts; <b>Change</b> return air ducts; <b>Change</b> supply duct						10,875.00
2.1.24	2	Wenzel Plymouth Plumbing	RFI #50: F5 condensae piping			2.1.24			2,566.00
2.1.24	1	Progressive Building Systems	Cascadia Clip System						19,868.00
2.1.24	2	Olympic Companies	<b>Circulation</b> Desk; <b>Entry 2</b> ceiling finish						3,155.00
2.1.24	1	Woodside Industries	Circulation Desk						892.14

64,297.14



# HOWARD LAKE CITY COUNCIL MEETING

February 28, 2024

**AGENDA ITEM:** Consider Various Approvals Related to the 2024 Street & Utility Project

**SECTION:** New Business

**FROM:** Nick Haggenmiller, City Administrator

**BACKGROUND:** The City adopted a CIP in 2019 that included extensive street and utility reconstruction needs anticipated to begin in 2023 and run concurrent years until completed. At that time, the CIP identified various projects and improvements and quantified cost estimates. A comparison of the CIP inputs to current (2023) cost estimates →

DESCRIPTION	2020 CIP	2023 PER ESTIMATE
Street Reconstruction	\$7Million	\$11.4 Million
Water Treatment Plant	\$7.9Million	\$21.1 Million
New Well	\$250,000	\$1.4 Million
Water Tower		\$4.3 Million
<b>TOTALS</b>	<b>\$15.2Million</b>	<b>\$38.2 Million</b>

The City has engaged the city engineer and financial advisor to advance this project by establishing plans and specifications and determine the best methods for financing. The following core phases are proposed:

Street and Utility Reconstruction	Phase 1 - 2024	\$11,423,747
Construct Water Treatment Plant	Phase 2 - 2025	\$21,138,080
Water Supply	Phase 3 - 2026	\$1,443,173

The City is currently pursuing a comprehensive funding application under USDA Rural Development Program. By doing so, the City is seeking to bundle various state and federal loan and grant programs that then reduce the local tax burden into the projects. The conclusion to this planning and application results in a terms letter from the USDA that details the financing details propped to execute the project.

A comprehensive workshop will be held that may impact the related council approvals. That said, **staff is anticipating to have the city council agree to accept the Letters of Conditions, obligate the funds, direct staff to execute related materials. On the heels of these actions, city staff and related consultants will continue to various efforts to determine the most appropriate means of moving forward.**

## Approvals Sought

1. Approve Letter of Conditions for WEP.
  - USDA Loan \$9,090,000
  - USDA Grant \$578,000
  - USDA CF Loan \$3,150,000
  - PFA Loan \$17,874,000
  - Emerging Cont Grant \$3,000,000
2. Approve Letter of Conditions for Community Facilities Loan
  - USDA CF Loan \$3,150,000

*Listed in above section, but different program needing individual approval.*
3. Request to Obligate Grant Funds
  - USDA Grant \$578,000

*Listed in above section, but different program needing individual approval.*
4. Request to Obligate Loan Funds
  - USDA Loan \$9,090,000

*Listed in above section, but different program needing individual approval.*
5. Request to Obligate Loan Funds
  - USDA CF Loan \$3,150,000
6. Letter of Intent to Meet Conditions (Grant)
7. Letter of Intent to Meet Conditions (Loan)

8. Resolution Authorizing City Administrator and Mayor to execute documents.
- 

**DECISION MAKING METRICS:**

**FINANCIAL:** Open

**LEGAL:** Open

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**COUNCIL ACTION REQUESTED:** Action items are described individually above.

**ATTACHMENTS:**

1. Letter of Conditions (2)
2. Request to Obligate Funds (2)
3. Letter to Meet Obligations (2)
4. Resolution Authorizing City Administrator and Mayor to Sign



February 22, 2024

City of Howard Lake  
625 8<sup>th</sup> Avenue  
Howard Lake, MN 56201

**SUBJECT:** Letter of Conditions  
Recipient Name: City of Howard Lake  
Project Name: Water Treatment Plant, Water Distribution., Sewer Collection and  
Storm Water Collection  
CFDA NUMBER – 10.760

Agency Loan: \$9,090,000  
Agency Grant: \$578,000  
CF Loan: \$3,150,000  
Other Funding: \$20,874,000

Dear Mayor and City Council:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA Rural Development (RD), both of which are referred to throughout this letter as the Agency. Any changes in project cost, source of funds, scope of project, or any other significant changes in the project or applicant must be reported to and concurred with by the Agency by written amendment to this letter. This includes any significant changes in the Applicant's financial condition, operation, organizational structure or executive leadership. Any changes made without Agency concurrence shall be cause for discontinuing processing of the application.

This letter does not constitute loan and grant approval, nor does it ensure that funds are or will be available for the project. The funding is being processed on the basis of a loan not to exceed \$9,090,000 and a grant not to exceed \$578,000. The loan and grant will be considered approved on the date Form RD 1940-1, "Request for Obligation of Funds" is signed by the Agency approval official.

The applicant will ensure projects are completed in a timely, efficient, and economical manner. You must meet all conditions set forth under Section III – Requirements Prior to Advertising for Bids within 1 year of this letter.

If you do not meet the conditions of this letter, the Agency reserves the right to withdraw Agency funding.

**Rural Development • Saint Paul State Office**  
375 Jackson St., Suite 410 • St. Paul, MN 55101  
Voice (651)602-7800

If you agree to meet the conditions set forth in this letter and desire further consideration be given to your application, please complete and return the following forms within 7 days:

Form RD 1942-46, "Letter of Intent to Meet Conditions"  
Form RD 1940-1, "Request for Obligation of Funds"

All parties may access information and regulations referenced in this letter at our website located at: [Water and Environmental Programs | Rural Development \(usda.gov\)](https://www.usda.gov/water-and-environmental-programs/rural-development)

The conditions are as follows:

### **SECTION I - PROJECT SCOPE**

**1. Project Description** – Funds will be used for the replacement of the water distribution, storm water and sanitary sewer mains, construction of a new water treatment plant and construction of a new well adjacent to the plant.

Facilities will be designed and constructed in accordance with sound engineering practices and must meet the requirements of Federal, State, and local agencies. The proposed facility design must be based on the Preliminary Engineering Report (PER) Version 2, prepared by Bolton & Menk, Inc. dated August 8, 2023, as concurred with by the Agency.

**2. Project Funding** – The Agency is offering the following funding for your project:

Agency Loan -	\$ 9,090,000
Agency Grant -	\$ 578,000
Agency CF Loan (streets) -	\$ 3,150,000

This offer is based upon the following additional funding to be obtained.

Proposed PFA SRF Loan -	\$ 17,874,000
Proposed Emerging Contaminants Grant -	\$ 3,000,000
<b>TOTAL PROJECT COST -</b>	<b>\$ 33,692,000</b>

The proposed funding package will be allocated to the various project costs as outlined:

The water project is \$25,741,000. a RD Loan of \$4,289,000 loan and RD Grant of \$578,000 on the water system was determined feasible. The proposed state SRF loan of \$17,874,000 and proposed Emerging Contaminants grant of \$3,000,000 will be used for the water treatment plant portion of the project only.

The wastewater project is \$3,298,000. A RD Loan of \$3,298,000 loan on the wastewater system was determined feasible.

The stormwater project is \$1,503,000. A RD Loan of \$1,503,000 on the stormwater system was determined feasible.

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Prior to loan closing, any increase in non-Agency funding will be applied first as a reduction to Agency grant funds, up to the total amount of the grant, and then as a reduction to Agency loan funds.

If, after obligation of Agency funds, other funding becomes available, the Agency reserves the right to deobligate any and all funding for this project and to re-underwrite. This may result in the offering of a different funding package to for this project.

Prior to advertisement for construction bids, you must provide evidence of applicant contributions and other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

**3. Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

Item	Water	Wastewater	Storm Water	Streets	Total
Construction Costs	\$18,652,059	\$2,511,886	\$1,189,315	\$2,030,000	\$24,383,260
Project Contingency	1,867,381	252,179	119,709	204,813	\$2,444,082
Engineering	3,671,702	375,193	130,244	628,348	\$4,805,487
Interim Interest	384,409	37,710	12,615	63,404	\$498,138
Other	1,165,449	121,572	51,117	223,435	\$1,561,573
Total	\$25,741,000	\$3,298,000	\$1,503,000	\$3,150,00	\$33,692,000

Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. Obligated loan and/or grant funds not needed to complete the proposed project will be deobligated. Any reduction will be applied to Agency grant funds first. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. An “Amended Letter of Conditions” will be issued for any changes to the total project budget.

**4. Project Timeline** – To ensure that the project proceeds in a timely manner, key processing milestones have been established in accordance with the PER or other Agency approved documentation. **Projects should be completed and Agency funds fully disbursed within three years of obligation.** By agreeing to the terms herein, you agree to comply with the milestones identified below. If, for any reason, one or more of the milestones cannot be met, you must notify the Agency in writing at least 30 days prior to the referenced date. Should your final completion date become more than three years after obligation the written request will follow the procedures outlined in Section VI of this letter, including the submission of not less than 90 days prior to the benchmark. The correspondence must contain a valid explanation as to why the



milestone cannot be met and include a proposed revised project completion schedule. If the Agency agrees to the modification, a written confirmation will be issued. The Agency reserves the right to de-obligate loan and/or grant funds, or take other appropriate action, if the established or amended deadlines are not met.

<u>Milestone</u>	<u>Date</u>
Land & Easement Acquisition	August 2024
Plans & Specifications, and Design Complete	August 2024
Permits Acquisition Complete	January 2025
Initial Advertisement for Bids	March 2025
Award Contract(s)/Initiate Construction	April 2025
Substantial Completion	October 2026
Final Completion	April 2027

## **SECTION II – RATES & TERMS**

**5. Interest Rates and Loan Terms** – The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due date will be established as the day that the loan closes.

Your loan will be scheduled for repayment over a period of 40 years. Payments will be equal annual amortized installments, beginning one year after closing. For planning purposes, use a 2.25% interest which provides for an annual payment of \$347,057. The precise payment amount will be based on the interest rate at which the loan is closed and may be different than the one above.

**6. Security** – The loan will be secured by a General Obligation bond with first lien position in the amount of \$9,090,000. The bond will be fully registered as to both principal and interest in the name of the “United States of America, Acting through the United States Department of Agriculture.” Bond Counsel will be utilized in preparation of these documents.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or associated laws. There must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

Additional security requirements are contained in RUS Bulletin 1780-27, “Loan Resolution (Public Bodies) and RUS Bulletin 1780-12, “Water and Waste System Grant Agreement”. A draft of all security instruments, including draft bond resolution, must be reviewed and concurred in by the Agency prior to advertising for bids. Bond/loan resolutions must be duly adopted and executed prior to loan closing.

The Grant Agreement will be executed prior to the first disbursement of grant funds. The grantee understands that any property acquired or improved with Federal grant funds may have use and disposition conditions which apply to the property as provided by 2 CFR part 200 in effect at this time and as may be subsequently modified. The grantee understands that any sale or transfer of property is subject to the interest of the United States Government in the market value in proportion to its participation the project.

**7. Reserves** – Reserves must be properly budgeted and set aside to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency repairs, to assist with debt service should the need arise, and for the replacement of assets which have a useful life less than the repayment period of the loan. The following reserves are required to be established as a condition of this loan:

- a. **Short-Lived Asset Reserve** – You must establish a short-lived asset reserve fund. Based on the PER, you must deposit at least \$57,200 into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is your responsibility to assess your facility’s short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

### **SECTION III – REQUIREMENTS PRIOR TO ADVERTISING FOR BIDS**

**8. Organization** – The Bond Counsel transcripts of proceedings must show that your organization is a duly incorporated public body and has continued legal existence. Your organization must have the authority to own, construct, operate, and maintain the proposed facility, as well as for borrowing money, pledging security and raising revenues.

**9. Suspension and Debarment Screening** – You will be asked to provide information on the principals of your organization. Agency staff must conduct screening for suspension and debarment of the entity, as well as its principals through the Do Not Pay Portal.

Principal –

- i. An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or
- ii. A consultant or other person, whether or not employed by the participant or paid with federal funds, who –
  1. Is in a position to handle federal funds;
  2. Is in a position to influence or control the use of those funds; or,
  3. Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (2 CFR §180.995)

**10. Environmental Requirements** – At the conclusion of the proposal’s environmental review process, no specific action(s) were determined necessary to avoid or minimize adverse environmental impacts as outlined in the Environmental Report (ER) dated July 2023.

**11. Engineering Services** – You have been required to complete an Agreement for Engineering Services, which should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance,” or other approved form of agreement. The Agency will provide concurrence prior to advertising for bids and must approve any modifications to this agreement.

**12. Contract Documents, Final Plans, and Specifications**- All development will be completed by contract in accordance with applicable provisions of RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, (copy available upon request), and in compliance with all statutory requirements. You are responsible to share this with your engineer before pre-design.

- a. The plans and specifications and all proposals required by law must be approved by MN Department of Health and the MN Environmental Protection Agency.
- b. In preparing final design and providing service to the planned project area, you and your engineer will comply with all zoning and planning requirements of the appropriate governing bodies where service is to be provided.
- c. The Agency will need to concur in the plans and specifications prior to advertising for bids. The Agency may require an updated cost estimate if a significant amount of time has elapsed between the original project cost estimate and advertising for bids.
- d. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.
- e. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.

**13. Build America, Buy America (BABAA) Requirements**- Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

- a. all iron and steel permanently installed in the project are produced in the United States-- this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
- b. all manufactured products permanently installed in the project are produced in the United States—this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the

minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and

- c. all construction materials permanently installed are manufactured in the United States—this means that all manufacturing processes for the construction material occurred in the United States.

The BABAA requirement applies to the entirety of an infrastructure project even if only a portion of the project is funded by Federal funds.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

#### *Waivers*

When necessary, recipients may apply for, and the agency may grant, a waiver from these requirements. The agency should notify the recipient for information on the process for requesting a waiver from these requirements.

When the Federal agency has made a determination that one of the following exceptions applies, the awarding official may waive the application of the domestic content procurement preference in any case in which the agency determines that:

- a. applying the domestic content procurement preference would be inconsistent with the public interest;
- b. the types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
- c. the inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.

A request to waive the application of the domestic content procurement preference must be in writing. The agency will provide instructions on the format, contents, and supporting materials required for any waiver request. Waiver requests are subject to public comment periods of no less than 15 days and must be reviewed by the Made in America Office.

#### *Definitions*

“Construction materials” includes an article, material, or supply—other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives—that is or consists primarily of:

- non-ferrous metals;
- plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
- glass (including optic glass);
- lumber; or
- drywall.

“Domestic content procurement preference” means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

“Infrastructure” includes, at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property. Infrastructure includes facilities that generate, transport, and distribute energy.

“Project” means the construction, alteration, maintenance, or repair of infrastructure in the United States.

Owners are ultimately responsible for compliance with the evidence standards as outlined in the Build America Buy America (BABAA) appendix to this Letter. Owners are required to maintain records as specified in their loan or grant agreement, but in all cases, they should maintain records for a minimum of three years after the final expenditure report. Minimum records include certifications from manufacturers, the architect/engineer, and the prime contractor. Supporting documentation includes purchasing records and notes and photos taken by the Resident Project Representative (RPR). Further guidance regarding certifications will be provided by the Agency.

**14. Legal Services** –A legal services agreement is required with your attorney and bond counsel, if applicable, for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a “not to exceed” amount for the services, including reimbursable expenses. RUS Bulletin 1780-7, “Legal Services Agreement,” or similar format may be used. The Agency will provide concurrence prior to advertising for bids. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.

**15. Property Rights** - Prior to advertising for bids, you and your legal counsel must furnish satisfactory evidence that you have adequate continuous and valid control over the lands and rights-of-way needed for the project. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation Assistance and Real Property

Acquisition Policies Act. Such control over the lands and rights will be evidenced by the following:

- a. **Right-of-Way Map** – Your engineer will provide a map clearly showing the location of all lands and rights-of-way needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
- b. **Form RD 442-20, “Right-of-Way Easement”** – This form, or similar format, may be used to obtain any necessary easements for the proposed project.
- c. **Form RD 442-21, “Right-of-Way Certificate”** – You will provide a certification on this form that all right-of-way requirements have been obtained for the proposed project.
- d. **Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way”** – Your attorney will provide a certification and legal opinion on this form addressing rights-of-way, easements, and title.
- e. **Preliminary Title Opinion** – When applicable, your attorney or title company will provide a preliminary title opinion for any property related to the facility, currently owned and to be acquired, along with copies of deeds, contracts or options for purchasing said property. Form RD 1927-9, “Preliminary Title Opinion,” may be used.

The approving official may waive title defects or restrictions, such as utility easements, that do not adversely affect the suitability, successful operation, security value, or transferability of the facility. Any such waivers must be provided by the approving official in writing prior to closing or the start of construction, whichever occurs first.

You are responsible for the acquisition of all property rights necessary for the project and for determining that prices paid are reasonable and fair. The Agency may require an appraisal by an independent appraiser or Agency employee in order to validate the price to be paid.

**16. System Policies, Procedures, Contracts, and Agreements** – The facility must be operated on a sound business plan which involves adopting policies, procedures, and/or ordinances outlining the conditions of service and use of the proposed system. Mandatory connection policies should be used where enforceable. The policies, procedures, and/or ordinances must contain an effective collection policy for accounts not paid in full within a specified number of days after the date of billing. They should include appropriate late fees, specified timeframes for disconnection of service, and reconnection fees. A draft of these policies, procedures, and/or ordinances must be submitted for Agency review and concurrence, along with the documents below, before closing instructions may be issued unless otherwise stated.

- a. **Conflict of Interest Policy** – Prior to obligation of funds, you must certify in writing that your organization has in place up-to-date written standards of conduct covering conflict of interest. The standards of conduct must include disciplinary actions in the event of a violation by officers, employees, or agents of the borrower. The standards identified herein apply to any parent, affiliate or subsidiary organization of the borrower that is not a state or local government, or Indian Tribe. Policies and accompanying documents shall be furnished to Rural Development upon request.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure in the same format is required if no conflicts are anticipated.

Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

Fully executed copies of any policies, procedures, ordinances, contracts, or agreements above must be submitted prior to loan closing, with the exception of the conflict of interest policy, which must be in place prior to obligation of funds.

**17. Closing Instructions** – The Agency will prepare closing instructions as soon as the requirements of the previous paragraphs are complete, as well as a draft of the security instrument(s). Both your bond and legal counsel must comply with these instructions when closing the Agency loan/grant.

**18. System Users** – This letter of conditions is based upon your indication at application that there will be at least 737 residential users and 78 non-residential users on the existing system when construction is completed.

Before the Agency can agree to the project being advertised for construction bids, you must certify that the number of users indicated at application are currently using the system or signed up to use the system once it is operational.

If the actual number of existing and/or proposed users that have signed up for service is less than the number indicated at the time of application, you must provide the Agency with a written plan on how you will obtain the necessary revenue to adequately cash flow the expected operation, maintenance, debt service, and reserve requirements of the proposed project (e.g., increase user rates, sign up an adequate number of other users, reduce project scope, etc.). Similar action is required if there is cause to modify the anticipated flows or volumes presented following approval.

If you are relying on mandatory connection requirements, you must provide evidence of the authorizing ordinance or statute along with your user certification.

**19. Construction Account** – A separate construction account is not required for project funds. However, the recipient must be able to separately identify, report and account for all Federal

funds, including the receipt, obligation and expenditure of funds, in accordance with 2 CFR 200.305. These funds must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage. **If the balances at the financial institution where federal funds will be deposited exceeds the FDIC insurance coverage, the excess amount must be collaterally secured up to 100 percent of the highest amount of funds expected to be deposited in the account at any one time, per the Department of Treasury regulations and requirements.**

**20. Interim Financing** – The Agency’s policy is to utilize interim financing for all loans exceeding \$500,000. Prepayment penalties on interim financing are not allowed. Borrowers are required to seek interim financing initially from private or cooperative lenders if funds can be borrowed at reasonable interest rates on an interim basis from those sources for the construction period. The fact that a commercial lender’s rates are higher than current Agency interest rates does not necessarily mean that the commercial rate is not reasonable.

**21. Proposed Operating Budget** – You must establish and/or maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance (O and M), debt service, and reserves. Prior to advertising for bids, you must submit a proposed annual operating budget to the Agency, as well as your proposed rate schedule. The operating budget should be based on a typical year cash flow after completion of the construction phase and should be signed by the appropriate official of your organization. Form RD 442-7, “Operating Budget,” or similar format may be utilized for this purpose. It is expected that O and M expenses will change over each successive year and user rates will need to be adjusted on a regular basis.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system. This assistance is available free to your organization. If you are interested, please contact our office for information.

**22. Permits** –The owner or responsible party will be required to obtain all applicable permits for the project, prior to advertising for bids. The consulting engineer must submit written evidence that all applicable permits required prior to construction have been obtained with submission to the Agency of the final plans, specifications, and bid documents.

**23. Risk and Resilience Assessment/Emergency Response Plan (RRA/ERP)** –The Agency requires all financed water and wastewater systems to have a RRA/ERP in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operation, and a certification that an RRA is complete must be submitted within one year of the start of operation. Borrowers with existing systems must provide a certification that an RRA/ERP has been completed prior to advertising for bids. Technical assistance is available in preparing these documents at no cost to you.

Before funds are drawn, you should have in place a cybersecurity plan, a supply chain plan, and a plan to comply with cybersecurity requirements of the National Institute of Science and



Technology and the Cybersecurity and Infrastructure Security Administration. These items should be addressed in the RRA/ERP.

The RRA/ERP documents themselves are not submitted to the Agency. The RRA/ERP must address potential impacts from natural disasters and other emergency events. It should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. The documents should be reviewed and updated every five years at a minimum.

**24. Bid Authorization** - Once all the conditions outlined in Section III of this letter have been met, the Agency will authorize you to advertise the project for construction bids. Such advertisement must be in accordance with applicable State statutes.

#### **SECTION IV - REQUIREMENTS PRIOR TO START OF CONSTRUCTION**

**25. Disbursement of Agency Funds** - Agency funds will be disbursed electronically into the construction account as they are needed. SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form," must be completed and submitted to the Agency prior to commencement of construction.

The order of disbursement is as follows: 1) Applicant contribution, 2) other funding sources, 3) interim financing or Agency loan funds, and 4) Agency grant funds. Interim financing or Agency loan funds will be expended after all other funding sources unless a written agreement is reached with all other funding sources on how funds are to be disbursed prior the first disbursement. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. Agency Grant funds must not be disbursed prior to loan funds except as authorized in 7 CFR 1780.45(d).

Grant funds are to be deposited in an interest-bearing account (exception provided below) in accordance with 2 CFR Part 200 and interest in excess of \$500 per year remitted to the Agency. The funds should be disbursed by the recipient immediately upon receipt, and there should be little interest accrual on the Federal funds. Recipients shall maintain advances of Federal funds in interest-bearing accounts, unless:

- The recipient receives less than \$120,000 in Federal awards per year.
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- A foreign government or banking system prohibits or precludes interest-bearing accounts.

**26. Bid Tabulation** – Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer's evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are

available to cover the total project costs, and all the requirements of Section III of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.

- a. **Cost Overruns** – If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds. Cost overruns exceeding 20 percent of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.
- b. **Excess Funds** - If bids are lower than anticipated at time of obligation, excess funds must be deobligated prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and Letter of Conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be deobligated, with grant funds being deobligated first. Excess funds do not include contingency funds as described in this letter.

**27. Suspension and Debarment Screening** – In accordance with 2 CFR Part 180, Subpart C, as a condition of the transaction and the responsibilities to persons at the next lower tier with whom you enter into transactions, you must conduct screening for suspension and debarment of lower tier recipients (e.g., vendors, contractors, etc.).

**28. Contract Review** – Your attorney will certify that the executed contract documents, including performance and payment bonds, if required, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with 7 CFR 1780.61(b).

Once your attorney has certified that they are acceptable, the contract documents will be submitted to the Agency for concurrence. Construction cannot commence until the Agency has concurred in the construction contracts.

**29. Final Rights of Way** – Your attorney or title company must furnish a separate final title opinion on all real property related to the facility, now owned and to be acquired for this project, as of the day of loan closing or start of construction, whichever occurs first. Form RD 1927-10, “Final Title Opinion” may be used.

If any of the right-of-way forms listed previously in this letter contain exceptions that do not adversely affect the suitability, successful operation, security value, or transferability of the facility, the approving official must provide a written waiver prior to the issuance of the Notice to Proceed.

**30. Insurance and Bonding Requirements** - Prior to the start of construction or loan closing, whichever occurs first, you must acquire and submit to the Agency proof of the types of insurance and bond coverage for the borrower shown below. The use of deductibles may be allowed, providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity bond coverage is maintained.

- a. **General Liability Insurance** – Include vehicular coverage.
- b. **Workers’ Compensation** – In accordance with appropriate State laws.
- c. **Guaranty or Fidelity Insurance**–Coverage for all persons who have access to funds, including persons working under a contract or management agreement. Coverage may be provided either for all individual positions or persons, or through “blanket” coverage providing protection for all appropriate employees. Each position is to be insured in an amount equal to the maximum amount of funds expected to be under the control of that position at any one time. The minimum coverage allowed will be an amount equal to the total annual debt service payment on the Agency loans. The coverage may be increased during construction based on the anticipated monthly advances.
- d. **National Flood Insurance** - If the project involves acquisition or construction in a designated special flood area, the community in which the acquisition or construction is situated must be currently participating in the national flood insurance program. Additionally, if the project involves acquisition or construction in designated special flood or mudslide prone areas, a flood insurance policy must be in place at the time of loan closing.
- e. **Real Property Insurance** – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured, and subsurface lift stations except for the value of electrical and pumping equipment. The Agency will be listed as mortgagee on the policy when the Agency has a lien on the property. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.

The Agency is to be listed as “Other Insured” so as to receive notifications on all insurance, regardless of security. Insurance types described above are required to be continued throughout the life of the loan. See Section VII.

**31. Initial Civil Rights Compliance Review** – The Agency will conduct an initial civil rights compliance review of the borrower prior to loan closing or start of construction, whichever occurs first, in accordance with 7 CFR 1901, Subpart E. You are expected to comply with the completion of the review, including the furnishing of any documents, records, or other applicable material.

## **SECTION V – REQUIREMENTS PRIOR TO CLOSING**

**32. Interim Financing.** Interim financing is being used. Generally, loan closing will occur near the end of construction when interim funds are fully disbursed. Documents detailed above from Sections II and III regarding security, electronic payments (Form 3550-28), and system policies, procedures, contracts, and agreements must be adopted and/or executed and submitted to the Agency prior to loan closing.

**33. Electronic Payments** – Payments will be made through an electronic preauthorized debit system. You will be required to complete Form RD 3550-28, “Authorization Agreement for Preauthorized Payments,” for all new and existing indebtedness to the Agency prior to loan closing.

**34. Other Requirements** – All requirements contained in the Agency’s closing instructions, as well as any requirements of your bond counsel and/or attorney, must be met prior to loan closing.

- a. **System for Award Management.** You will be required to maintain a Unique Entity ID (UEI) and maintain an active registration in the System for Award Management (SAM) database. Renewal can be completed online at: <http://sam.gov>. This registration must be renewed and revalidated every 12 months for as long as there is an active loan, grant, or guaranteed loan with the Agency.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the “Help” section at <http://sam.gov>).

- b. **Litigation.** You are required to notify the Agency within 30 days of receiving notification of being involved in any type of litigation prior to loan closing or start of construction, whichever occurs first. Additional documentation regarding the situation and litigation may be requested by the Agency.
- c. **Certified Operator.** Evidence must be provided that your system has or will have a certified operator, as defined by applicable State or Federal requirements, available prior to the system becoming operational, or that a suitable supervisory agreement with a certified operator is in effect.

## **SECTION VI – REQUIREMENTS DURING CONSTRUCTION AND POST CONSTRUCTION**

**35. Construction Completion Timeframe** – Following the benchmarks established in Section I, Item 4, Project Timeline, all projects should be completed and Agency funds fully disbursed within three years of the date of obligation. If funds are not disbursed within three years of obligation and you have not already done so per Section I, Item 4, you must submit a written request for extension of time to the Agency with adequate justification of the circumstances,

including any beyond your control. The request must be submitted at least 90 days prior to the end of the three-year timeframe and include a revised estimated date of completion. The Agency will typically only allow one extension. Subsequent requests for waivers beyond the initial extension or requests that exceed five years from the initial date of obligation will be submitted to the RUS, Water and Environmental Programs for consideration. The Agency retains the right to de-obligate any loan and/or grant monies, or take other appropriate action, related to unliquidated funds that exceed the timeframes above and are not under an active extension.

**36. Resident Inspector(s)** – Full-time inspection is required unless you request an exception. Such requests must be made in writing and the Agency must provide written concurrence. Inspection services are to be provided by the consulting engineer unless other arrangements are requested in writing and concurred with by the Agency. A resume of qualifications of any resident inspector(s) will be submitted to the owner and Agency for review and concurrence prior to the pre-construction conference. The resident inspector(s) must attend the preconstruction conference.

**37. Preconstruction Conference** – A preconstruction conference will be held prior to the issuance of the Notice to Proceed. The consulting engineer will review the planned development with the Agency, owner, resident inspector, attorney, contractor, other funders, and other interested parties, and will provide minutes of this meeting to the owner and Agency.

**38. Inspections** - The Agency requires a preconstruction conference, pre-final, final, and warranty inspections. Your engineer will schedule a warranty inspection with the contractor and the Agency before the end of the one-year warranty period to address and/or resolve any outstanding warranty issues. The Agency will conduct an inspection with you of your records management system at the same time and will continue to inspect the facility and your records system every three years for the life of the loan. See Section VII of this letter.

**39. Change Orders** – A Change Order must be submitted for all modifications to the approved scope of work, including existing contracts. This includes non-physical modifications such as any time extension requests. Prior written Agency concurrence is required for all Change Orders.

**40. Payments** – Prior Agency concurrence is required for all invoices and requests for payment before Agency funds will be released. Requests for payment related to a contract or service agreement will be signed by the owner, project engineer, and contractor or service provider prior to Agency concurrence. Invoices not related to a construction contract or service agreement will include the owner's written concurrence.

**41. Use of Remaining Funds** – As stated above, applicant contribution and connection or tap fees will be the first funds expended in the project. Funds remaining after all costs incident to the basic project have been paid or provided will be handled as follows:

- a. Funds remaining after the applicant contribution and connection fees may be considered in direct proportion to the amounts of funding obtained from each source. The use of

Agency funding will be limited to eligible loan and grant purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan and grant remains the same.

- b. Any reductions in the Agency funding will be first applied to the grant funds.
- c. Grant funds not expended for authorized purposes will be cancelled (de-obligated) within 60 days of final completion of project. Prior to actual cancellation, you, your attorney and engineer will be notified of the Agency's intent to cancel the remaining funds and given appropriate appeal rights.
- d. Under no circumstances is it appropriate to use remaining funds as contributions to a new project outside the scope of the funded project.
- e. Loan funds that are not needed will be cancelled (de-obligated) prior to loan closing.

**42. Technical, Managerial and Financial Capacity** - It is required that members of the Board of Directors, City Council members, trustees, commissioners and other governing members possess the necessary technical, managerial, and financial capacity skills to consistently comply with pertinent Federal and State laws and requirements. It is recommended members receive training within one year of appointment or election to the governing board, and a refresher training for all governing members on a routine basis. The content and amount of training should be tailored to the needs of the individual and the utility system. Technical assistance providers are available to provide this training for your organization, often at no cost. Contact the Agency for additional information.

**43. Reporting Requirements Related to Expenditure of Funds** -- An annual audit under 2 CFR 200 is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law and must be submitted within 9 months of your fiscal year end. Both the audit and accompanying management report must be submitted for review.

If an audit is required, you must enter into a written agreement with the auditor and submit a copy of that agreement to the Agency prior to the advertisement of construction bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the type of audit to be completed, the time frame in which the audit will be completed, and how irregularities will be reported.

## **SECTION VII – SERVICING REQUIREMENTS DURING THE TERM OF THE LOAN**

**44. Prepayment and Extra Payments** - Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

*Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.*

**45. Annual Financial Reporting/Audit Requirements** – You are required to submit an annual financial report at the end of each fiscal year. The annual report will be certified by the appropriate organization official, and will consist of financial information, a current rate schedule, and listing of board members with their terms. Financial statements must be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The annual report will include separate reporting for each water and waste disposal facility, and itemized cash accounts by type (debt service, short-lived assets, etc.) under each facility. All records, books and supporting material are to be retained for three years after the issuance of the annual report. Technical assistance is available, at no cost, with preparing financial reports.

The type of financial information that must be submitted is specified below:

- a. **Audits** – An audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

See Section VI for additional information regarding audits.

- b. **Financial Statements** – If you expend less than \$750,000 in Federal financial assistance per fiscal year, you may submit financial statements in lieu of an audit which include, at a minimum, a balance sheet and an income and expense statement. You may use Form RD 442-2, “Statement of Budget, Income and Equity,” and 442-3, “Balance Sheet,” or similar format to provide the financial information. The financial statements must be signed by the appropriate borrower official and submitted within 60 days of your fiscal year end.

**46. Annual Budget and Projected Cash Flow** - Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. The budget must be signed by the appropriate borrower official. Form RD 442-2, “Statement of Budget, Income and Equity,” or similar format may be used.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system, as well as completing the annual budget.

**47. Graduation** - By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines you can obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. Your ability to refinance will be assessed every other year for those loans that are five years old or older.

**48. Security/Operational Inspections** – The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

**49. System for Award Management**. You will be required to maintain a Unique Entity ID (UEI) and maintain an active registration in the System for Award Management (SAM) database. Further information can be found at paragraph 33 of this letter.

**50. Risk and Resiliency Assessment/Emergency Response Plan (RRA/ERP)** – The RRA/ERP is further outlined under Section III of this letter. You will be required to submit a certification to the servicing office every five years that the RRA/ERP is current and covers all sites related to the facility. The RRA/ERP documents themselves are not submitted to the Agency. The RRA/ERP must address potential impacts from natural disasters and other emergency events. It should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. Technical assistance is available in preparing these documents at no cost to you.

**51. Insurance**. – Insurance requirements are further outlined in Section IV of this letter. You will be required to maintain insurance on the facility and employees as previously described in this letter for the life of the loan.

**52. Statutory and National Policy Requirements** – As a recipient of Federal funding, you are required to comply with U.S. statutory and public policy requirements, including but not limited to:

- a. **Section 504 of the Rehabilitation Act of 1973** – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.
- b. **Civil Rights Act of 1964** – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.



- c. **The Americans with Disabilities Act (ADA) of 1990** – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.
- d. **Age Discrimination Act of 1975** – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- e. **Limited English Proficiency (LEP) under Executive Order 13166** - LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, “Improving Access to Services by Persons with Limited English Proficiency” and further affirmed in the USDA Departmental Regulation 4330-005, “Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA.”
- f. **Controlled Substances Act** - Even though state law may allow some activities, as a recipient of Federal funding, you are subject to the Controlled Substances Act. Specific questions about the Controlled Substances Act should be directed to the Servicing Official who will contact the Office of General Counsel, as appropriate.

**53. Compliance Reviews and Data Collection** – Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during regular compliance reviews.

The Agency will conduct regular compliance reviews of the borrower and its operation in accordance with 7 CFR Part 1901, Subpart E, and 36 CFR 1191, Americans with Disabilities Act (ADA) Accessibility Guidelines for Buildings and Facilities; Architectural Barriers Act (ABA) Accessibility Guidelines. Compliance reviews will typically be conducted in conjunction with the security inspections described in this letter.

If beneficiaries (users) are required to complete an application or screening for the use of the facility or service that you provide, you must request and collect data by race (American Indian or Alaska Native, Asian, Black or African American, White); ethnicity (Hispanic or Latino, Not

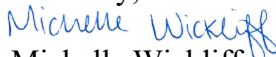
Hispanic or Latino); and by sex. The Agency will utilize this data as part of the required compliance review.

## **SECTION VIII – REMEDIES FOR NON-COMPLIANCE**

Non-compliance with the conditions in this letter or requirements of your security documents will be addressed under the provisions of Agency regulations, statutes, and other applicable policies.

We look forward to working with you to complete this project. If you have any questions, please contact Michelle Wickliff at 651-602-7795 or by e-mail at [michelle.wickliff@usda.gov](mailto:michelle.wickliff@usda.gov).

Sincerely,

  
Michelle Wickliff  
Area Specialist

Attachments

cc: Community Programs Director  
Accountant  
Attorney  
Bond Counsel  
Engineer

### **FORMS and BULLETINS:**

Form RD 442-2, “Statement of Budget, Income and Equity” – Items 45 and 46  
Form RD 442-3, “Balance Sheet” – Item 45  
Form RD 442-7, “Operating Budget” – Item 20  
Form RD 442-20, “Right-of-Way Easement” – Item 14  
Form RD 442-21, “Right-of-Way Certificate” – Item 14  
Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” – Item 14  
Form RD 1927-9, “Preliminary Title Opinion” – Item 14  
Form RD 1927-10, “Final Title Opinion” – Item 28  
Form RD 1940-1, “Request for Obligation of Funds” – Pages 1 and 2  
Form RD 1942-46, “Letter of Intent to Meet Conditions” – Page 2  
Form RD 3550-28, “Authorization Agreement for Preauthorized Payments” – Items 32 and 33  
SF 3881, “ACH Vendor/Miscellaneous Payment Enrollment Form” – Item 24  
RUS Bulletin 1780-7, “Legal Services Agreement” – Item 13  
RUS Bulletin 1780-12, “Water and Waste System Grant Agreement” – Item 6  
RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance” – Items 11 and 12  
RUS Bulletin 1780-27, “Loan Resolution (Public Bodies)” – Item 6

## **Appendix B**

### **Build America, Buy America Evidence Standards**

#### *Manufacturers*

For each item to which BABAA applies (every item permanently installed on the project, except for aggregate and aggregate binding materials), a manufacturer's certification letter or other document demonstrating compliance is required. It must, at a minimum, identify the item being certified (short written description as well as part number, if applicable) and affirm that the item complies with BABAA. This document must be signed by an authorized company representative.

#### *Architects and Engineers*

Compliance with BABAA will be spelled out in agreements for services, construction contracts, and procurement contracts. Generally, the A/E contract should include, as a basic service, obtaining and maintaining all BABAA documentation (particularly manufacturers' certifications) during construction, which shall be transferred to the Owner upon completion of the project. The architect or engineer will need to certify to this action at the project's end.

#### *Resident Project Representative / Resident Inspector*

As part of their duties, Resident Project Representative/Resident Inspector should be instructed to verify items delivered to the site and installed are accompanied by documentation of compliance with BABAA. They should photograph items as appropriate. RPR/RI daily logs and photographs will become part of the construction record and can be used as supporting information during audits, providing evidence for items that are buried or otherwise inaccessible.

#### *Contractors*

Construction contract(s) must include a requirement to procure and install only items that comply with BABAA or are subject to an approved waiver. Contractors must provide manufacturers' certifications for all BABAA compliant items to the responsible party before a request for reimbursement to the Agency is made. At completion, the contractor will be required to certify that all items used on the contract complied with BABAA and that all manufacturers' certifications were provided.

**REQUEST FOR OBLIGATION OF FUNDS**

<b>INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )</b>			
<b>Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.</b>			
<b>1. CASE NUMBER</b> ST CO BORROWER ID		<b>LOAN NUMBER</b>	<b>FISCAL YEAR</b>
<b>2. BORROWER NAME</b>		<b>3. NUMBER NAME FIELDS</b> <i>(1, 2, or 3 from Item 2)</i>	
		<b>4. STATE NAME</b>	
		<b>5. COUNTY NAME</b>	
<b>GENERAL BORROWER/LOAN INFORMATION</b>			
<b>6. RACE/ETHNIC CLASSIFICATION</b> 1 - WHITE 2 - BLACK 3 - AI/AN 4 - HISPANIC 5 - A/PI	<b>7. TYPE OF APPLICANT</b> 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - INDIAN TRIBE 10-PUBLIC COLLEGE/UNIVERSITY 11-OTHER	<b>8. COLLATERAL CODE</b> 1-REAL ESTATE SECURED 2-REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	<b>9. EMPLOYEE RELATIONSHIP CODE</b> 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
<b>10. SEX CODE</b> 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	<b>11. MARITAL STATUS</b> 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	<b>12. VETERAN CODE</b> 1 - YES 2 - NO	<b>13. CREDIT REPORT</b> 1 - YES 2 - NO
<b>14. DIRECT PAYMENT</b> <i>(See FMI)</i>	<b>15. TYPE OF PAYMENT</b> 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	<b>16. FEE INSPECTION</b> 1 - YES 2 - NO	
<b>17. COMMUNITY SIZE</b> 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		<b>18. USE OF FUNDS CODE</b> <i>(See FMI)</i>	
<b>COMPLETE FOR OBLIGATION OF FUNDS</b>			
<b>19. TYPE OF ASSISTANCE</b> <i>(See FMI)</i>	<b>20. PURPOSE CODE</b>	<b>21. SOURCE OF FUNDS</b>	<b>22. TYPE OF ACTION</b> 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
<b>23. TYPE OF SUBMISSION</b> 1 - INITIAL 2 - SUBSEQUENT	<b>24. AMOUNT OF LOAN</b>	<b>25. AMOUNT OF GRANT</b>	
<b>26. AMOUNT OF IMMEDIATE ADVANCE</b>	<b>27. DATE OF APPROVAL</b> MO DAY YR	<b>28. INTEREST RATE</b> %	<b>29. REPAYMENT TERMS</b>
<b>COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS</b>			
<b>30. PROFIT TYPE</b> 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
<b>COMPLETE FOR EM LOANS ONLY</b>		<b>COMPLETE FOR CREDIT SALE-ASSUMPTION</b>	
<b>31. DISASTER DESIGNATION NUMBER</b> <i>(See FMI)</i>		<b>32. TYPE OF SALE</b> 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN	
<b>FINANCE OFFICE USE ONLY</b>		<b>COMPLETE FOR FP LOANS ONLY</b>	
<b>33. OBLIGATION DATE</b> MO DA YR		<b>34. BEGINNING FARMER/RANCHER</b> <i>(See FMI)</i>	

*If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.*

Position 2

**ORIGINAL - Borrower's Case Folder**

**COPY 1 - Finance Office**

**COPY 2 - Applicant/Lender**

**COPY 3 - State Office**

# CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. \_\_\_\_\_ YES \_\_\_\_\_ NO

**WARNING:** **Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."**

Date \_\_\_\_\_, 20\_\_\_\_  
*(Signature of Applicant)*

Date \_\_\_\_\_, 20\_\_\_\_  
*(Signature of Co-Applicant)*

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

\_\_\_\_\_  
*(Signature of Approving Official)*

Typed or Printed Name: \_\_\_\_\_

Date Approved: \_\_\_\_\_ Title: \_\_\_\_\_

38. TO THE APPLICANT: As of this date \_\_\_\_\_, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

**REQUEST FOR OBLIGATION OF FUNDS**

<b>INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )</b> <b>Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.</b>			
<b>1. CASE NUMBER</b> ST CO BORROWER ID		<b>LOAN NUMBER</b>	<b>FISCAL YEAR</b>
<b>2. BORROWER NAME</b>		<b>3. NUMBER NAME FIELDS</b> (1, 2, or 3 from Item 2)	
		<b>4. STATE NAME</b>	
		<b>5. COUNTY NAME</b>	
<b>GENERAL BORROWER/LOAN INFORMATION</b>			
<b>6. RACE/ETHNIC CLASSIFICATION</b> 1 - WHITE 2 - BLACK 3 - AI/AN 4 - HISPANIC 5 - A/PI	<b>7. TYPE OF APPLICANT</b> 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - INDIAN TRIBE 10-PUBLIC COLLEGE/UNIVERSITY 11-OTHER	<b>8. COLLATERAL CODE</b> 1-REAL ESTATE SECURED 2-REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	<b>9. EMPLOYEE RELATIONSHIP CODE</b> 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
<b>10. SEX CODE</b> 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	<b>11. MARITAL STATUS</b> 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	<b>12. VETERAN CODE</b> 1 - YES 2 - NO	<b>13. CREDIT REPORT</b> 1 - YES 2 - NO
<b>14. DIRECT PAYMENT</b> (See FMI)	<b>15. TYPE OF PAYMENT</b> 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	<b>16. FEE INSPECTION</b> 1 - YES 2 - NO	
<b>17. COMMUNITY SIZE</b> 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000	<b>18. USE OF FUNDS CODE</b> (See FMI)		
<b>COMPLETE FOR OBLIGATION OF FUNDS</b>			
<b>19. TYPE OF ASSISTANCE</b> (See FMI)	<b>20. PURPOSE CODE</b>	<b>21. SOURCE OF FUNDS</b>	<b>22. TYPE OF ACTION</b> 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
<b>23. TYPE OF SUBMISSION</b> 1 - INITIAL 2 - SUBSEQUENT	<b>24. AMOUNT OF LOAN</b>	<b>25. AMOUNT OF GRANT</b>	
<b>26. AMOUNT OF IMMEDIATE ADVANCE</b>	<b>27. DATE OF APPROVAL</b> MO DAY YR	<b>28. INTEREST RATE</b> %	<b>29. REPAYMENT TERMS</b>
<b>COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS</b>			
<b>30. PROFIT TYPE</b> 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
<b>COMPLETE FOR EM LOANS ONLY</b>		<b>COMPLETE FOR CREDIT SALE-ASSUMPTION</b>	
<b>31. DISASTER DESIGNATION NUMBER</b> (See FMI)	<b>32. TYPE OF SALE</b> 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN		
<b>FINANCE OFFICE USE ONLY</b>		<b>COMPLETE FOR FP LOANS ONLY</b>	
<b>33. OBLIGATION DATE</b> MO DA YR	<b>34. BEGINNING FARMER/RANCHER</b> (See FMI)		

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

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# CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

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35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

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(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. \_\_\_\_\_ YES \_\_\_\_\_ NO

**WARNING:** **Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."**

Date \_\_\_\_\_, 20\_\_\_\_  
*(Signature of Applicant)*

Date \_\_\_\_\_, 20\_\_\_\_  
*(Signature of Co-Applicant)*

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

\_\_\_\_\_  
*(Signature of Approving Official)*

Typed or Printed Name: \_\_\_\_\_

Date Approved: \_\_\_\_\_ Title: \_\_\_\_\_

38. TO THE APPLICANT: As of this date \_\_\_\_\_, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

**LETTER OF INTENT TO MEET CONDITIONS**

Date \_\_\_\_\_

TO: United States Department of Agriculture

\_\_\_\_\_  
(Name of USDA Agency)

\_\_\_\_\_  
(USDA Agency Office Address)  
\_\_\_\_\_

We have reviewed and understand the conditions set forth in your letter dated \_\_\_\_\_. It is our intent to meet all of them not later than \_\_\_\_\_.

\_\_\_\_\_  
(Name of Association)  
BY \_\_\_\_\_  
\_\_\_\_\_  
(Title)

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.*





February 22, 2024

City of Howard Lake  
625 8<sup>th</sup> Avenue  
Howard Lake, MN 56201

**SUBJECT:** Letter of Conditions  
Recipient Name: City of Howard Lake  
Project Name: CF Street Improvements  
CFDA NUMBER – 10.760  
CF Loan: \$3,150,000

Dear Mayor and City Council:

This letter, with attachments, establishes conditions that must be understood and agreed to by the applicant before further consideration may be given to the application for Federal Assistance. The State and Area Office staff of USDA Rural Development (RD) will administer the loan funds for this project on behalf of the Rural Housing Service. All parties may access information and regulations referenced in this letter at our website located at:

<https://www.rd.usda.gov/programs-services/community-facilities>. Any changes in project cost, source of funds, scope of services, or any other significant change (this includes significant changes in the Borrower's financial condition, operation, organizational structure or executive leadership) in the project or applicant must be reported to and approved by USDA Rural Development by written amendment to this letter. **Any changes not approved by USDA Rural Development will be cause for discontinuing processing of the application.** If you do not meet the conditions of this letter, the Agency reserves the right to withdraw Agency funding.

This letter is not to be considered as loan approval or as representation to the availability of funds. The application can be processed on the basis of a USDA Rural Development loan not to exceed \$3,150,000. Funds for this project are provided by the Rural Housing Service (RHS).

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds," within the next seven (7) days, if you desire that we give further consideration to your application. The execution of these and all other documents required by USDA Rural Development must be authorized by appropriate resolutions of the applicant's governing body.

The loan will be considered approved on the date Form RD 1940-1, "Request for Obligation of Funds," is mailed by USDA Rural Development. This is also the date that the interest rate is established. If the interest rate is lower at the time of loan closing, you must make a request in writing to receive the lower rate in effect.

**Rural Development • Saint Paul State Office**  
375 Jackson St., Suite 410 • St. Paul, MN 55101  
Voice (651)602-7800

The loan will be repayable over a period not to exceed 20 years from the date of loan closing at the market interest rate. The first interest installment will be due no later than one full year from the date of loan closing. The loan repayment will be made in amortized annual installments.

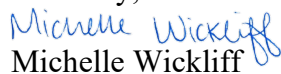
**Project Budget**—Based on Standard Form 424, “Application for Federal Assistance,” the project cost and funding will be as follows:

a. <u>Project Cost</u>	<u>USDA Loan</u>
Construction	\$2,030,000
Administrative	223,435
Engineering	628,348
Interest	63,404
Contingencies	204,813
TOTAL:	\$3,150,000
b. <u>Source of Funds</u>	
USDA Loan	\$ 3,150,000

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the borrower may be necessary.

The applicant will ensure projects are completed in a timely, efficient, and economical manner. Section I of the attached conditions must be satisfied prior to interim loan closing or before construction begins, whichever occurs first, in either case not later than one (1) year from the date of this letter. **In the event the project has not advanced to the point of construction within one (1) year, USDA Rural Development reserves the right to discontinue the processing of the application.**

If you have any questions, feel free to contact this office.

Sincerely,  
  
 Michelle Wickliff  
 Area Specialist

cc: Community Programs Director, USDA Rural Development,  
 Bond Counsel  
 Architect  
 Attorney  
 Accountant  
 Interim Lender

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**ATTACHMENT TO LETTER OF CONDITIONS**

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**SECTION I. CONDITIONS TO BE SATISFIED PRIOR TO LOAN CLOSING OR BEFORE CONSTRUCTION BEGINS, WHICHEVER OCCURS FIRST**

1. Disbursement of Funds
  - a. Interim loan financing during construction will be required in accordance with 7 CFR 1942.17 (n)(3) for all construction loans over \$50,000. The applicant must provide Rural Development a copy of the proposed interim financing package prior to execution.
  - b. The applicant's contribution of funds toward the project cost shall be considered the first funds expended and must be deposited in its project account before construction is started. Please provide Rural Development evidencing applicant's contribution.
  - c. Agency funds will not be used to pre-finance funds committed to the project from other sources.
  - d. The Debt Collection Improvement Act (DCIA) of 1996 requires that all Federal payments be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, Electronic Funds Transfer Payment Enrollment Form, for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least forty-five (45) days prior to the first advance of funds. Failure to do so could delay loan closing.
2. Security Requirements

(Public Body Applicants select from paragraphs a, b, c, d & o)

  - a. At loan closing the applicant will execute the attached Form RD 1942-47, "Loan Resolution (Public Bodies)". Please note the refinancing provision in paragraph 2. Also, on page 3 there is a certification to be executed at loan closing.
  - c. The applicant is a legally organized municipality under Sections of the applicable State Government and will evidence the loan with a General obligation bond. The bond will be fully registered as to both principal and interest in the name of the United States of America, Rural Development. The General Obligation bond must be prepared in accordance with 7 CFR 1942, Subpart A, and State law. The assistance and opinion of a recognized bond counsel must be obtained.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or its

- authorizing law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.
- d. At loan closing, the applicant will execute the attached Form RD 1942-9 “Loan Resolution (Security Agreement)”. Please review the refinancing provision on page 4, section 7. Also note the certification on the bottom of page 4, which is to be executed at the time of loan closing.
  - e. The applicant and the applicant’s financial institution(s) will execute the USDA RHS Community Facility Program, Deposit Account Control Agreement. This is required on all account(s) the applicant has which the Agency will be taking a security interest in, including but not limited to, all primary accounts where the facilities operating, and non-operating revenues are deposited and any accounts holding the debt service reserve(s) for the Agency loan(s). Please note the Termination of Agreement provision, item number 8.
3. **Applicant Certifications**—As applicable: The applicant will certify that all parcel holders who benefit from the project will be assessed in accordance with State law to repay the USDA loan. The proposed assessment roll must be approved by the USDA Rural Development prior to adoption by the County.
  4. **Insurance and Bonding Requirements**—The applicant must provide evidence of adequate insurance and fidelity bond coverage by loan closing or start of construction, whichever occurs first. Adequate coverage, in accordance with USDA Rural Development’s regulations, must then be maintained for the life of the loan and evidence must be submitted to Rural Development annually. Evidence that coverage is being maintained must be provided annually thereafter. It is the responsibility of the applicant and not that of USDA Rural Development to assure that adequate insurance and fidelity bond coverage is maintained. Applicants are encouraged to review coverage amounts and deductible provisions with their attorney, consulting engineer, and/or insurance provider(s).
    - a. Property Insurance—Fire and extended coverage will be required on all above-ground structures, including applicant-owned equipment and machinery housed therein. Provide USDA Rural Development with proof of coverage and attach Lender’s Loss Payable Endorsement (438 BFU or equivalent) naming the UNITED STATES OF AMERICA as lender.
    - b. Corporate Liability Insurance - The Applicant will provide public liability, and property damage insurance in an amount to adequately protect the applicant from civil action arising from the function of the applicant relative to the project.
    - c. Workers’ Compensation Insurance—The applicant will be required to carry workers’ compensation insurance for all employees in accordance with the State law. Provide USDA Rural Development with proof of coverage.

- d. General liability and vehicular coverage must be maintained—Provide USDA Rural Development with proof of coverage.
  - e. Fidelity Bond—Persons who have access to the funds and custody to any property will be covered by a fidelity bond or an adequate crime policy that protects the applicant from an employee crime. Coverage may be provided either for all individual positions or persons, or through “blanket” coverage providing protection for all appropriate employees and/or officials. The amount of coverage required by USDA Rural Development will be sufficient to cover the total annual debt and reserve service requirements for the loan. The United States of America will be named as co-obligee on the bond. A certified power-of-attorney with effective date will be attached to each bond. Provide USDA Rural Development with a copy of the bond and the power of attorney.
5. **Civil Rights & Equal Opportunity**— The borrower has received an award of Federal funding and is required to comply with U.S. statutory and public policy requirements, including but not limited to:
- a. **Section 504 of the Rehabilitation Act of 1973** – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance. The Standard for compliance is the Architectural Barriers Act Accessibility Standards (ABAAS).
  - b. **Civil Rights Act of 1964** – All recipients are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.
  - c. **The Americans with Disabilities Act (ADA) of 1990** – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.
  - d. **Age Discrimination Act of 1975** – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
  - e. **Limited English Proficiency (LEP) under Executive Order 13166** - LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as

their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. The recipient must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information the recipient provides. These protections are pursuant to Executive Order 13166 entitled, “Improving Access to Services by Persons with Limited English Proficiency” and further affirmed in the USDA Departmental Regulation 4330-005, “Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA.”

- f. **Controlled Substances Act** - Even though state law may allow some activities, as a recipient of Federal funding, you are subject to the Controlled Substances Act. Specific questions about the Controlled Substances Act should be directed to the Servicing Official who will contact the Office of General Counsel, as appropriate.

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. The recipient must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor the recipient’s compliance with these requirements during regular compliance reviews.

As a recipient of Rural Development funding, you are required to post a copy of the Non-Discrimination Statement listed below in your office and include in full, on all materials produced for public information, public education, and public distribution both print and non-print.

Non-Discrimination Statement

“This institution is an equal opportunity provider and employer.”

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at <https://www.ocio.usda.gov/document/ad-3027>, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

If the material is too small to permit the full statement to be included, the material at a minimum includes the statement in print size no smaller than the text that “This institution is an equal opportunity provider and employer.”

6. **Written Agreements for Professional Services**

- a. The bond counsel services agreement submitted by Bond Counsel is satisfactory to USDA Rural Development.
- b. The legal service agreement submitted by Legal Representative is satisfactory to USDA Rural Development.

- c. An Agreement for Engineering Services with Engineer will have to be approved by USDA Rural Development.
9. **Land and Rights-of-Way**—The applicant must present satisfactory evidence that they have obtained, or can obtain, any and all lands, rights-of-way, easements, permits and franchises which are required by the architectural/engineering plan. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation and Real Property Acquisition Act. The following forms, copies of which are attached, may be used for these purposes:
- Form RD 442-21, “Right-of-Way Certificate” (with map attached)
  - Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way”
10. **System Policies, Procedures, Contracts, and Agreements** – The facility must be operated on a sound business plan which involves adopting policies, procedures, and/or ordinances outlining the conditions of service and use of the proposed system.

- a. **Conflict of Interest Policy** – Prior to obligation of funds, you must certify in writing that your organization has in place up-to-date written standards of conduct covering conflict of interest. The standards of conduct must include disciplinary actions in the event of a violation by officers, employees, or agents of the borrower. The standards identified herein apply to any parent, affiliate or subsidiary organization of the borrower that is not a state or local government, or Indian Tribe. Policies and accompanying documents shall be furnished to Rural Development upon request.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant’s official. A negative disclosure in the same format is required if no conflicts are anticipated.

Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, “Sample Conflict of Interest Policy,” at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

- b) **Contracts for Other Services/Lease Agreement** – Drafts of any contracts or other forms of agreements for other services, including audit, management, operation, and maintenance, or lease agreements covering real property essential to the successful operation of the facility, must be submitted to the Agency for review and concurrence prior to advertising for bids.
- c) **Parity/Intercreditor Agreement** – Projects with parity liens must have in place a written agreement between the parity lenders. The draft agreement must receive Agency concurrence prior to advertising for bids.
11. **Permits**—All permits involving Federal, State, and local agencies must be obtained and evidence thereof provided to USDA Rural Development prior to bidding.

- 12. Environmental Reviews**— The project as proposed has been evaluated to be consistent with the National Environmental Policy Act. Other Federal, State, tribal, and local laws, regulations and or permits may apply or be required. During any stage of project development, including construction, should environmental issues develop which require mitigation measures, USDA Rural Development applicants are required to notify USDA Rural Development and comply with such mitigation measures. Failure by an applicant to implement mitigation measures may disqualify the project from Agency funding. Mitigation measures identified or prepared as part of the State Environmental Act if applicable and NEPA environmental process must be implemented. If the project or any project element deviates from or is modified from the originally approved project, additional environmental review may be required.

No project specific mitigation measures were identified for this project.

**13. Architectural and Construction**

- a. USDA Rural Development must approve any agreements or modifications to agreements for professional planning and design services.
- b. All construction will be completed under contract. The planning, bidding, contracting, and construction must comply with 7 CFR 1942, Subpart A, and any additional requirements of the State’s law and the requirements of other County, State, or Federal agencies.
- c. The following must be reviewed and approved by USDA Rural Development in the sequence indicated:
  - i. Preliminary Engineering Report
  - ii. Agreement for Engineering Services
  - iii. Final Plans and Specifications for the project
  - iv. Draft/Construction Bid Documents, prior to Going Out to Bid
  - v. Bid Award Information.
  - vi. Executed Contract Documents
- d. Affirmative steps should be taken to assure that small, minority and/or women-owned businesses are utilized as source of supplies, equipment, construction, and services.
- e. The Plans & Specifications must be reviewed and approved, when applicable, by any regulatory or other agencies that are required to review these documents.
- f. A representative of USDA Rural Development will attend all pre-construction conferences in connection with this project. These conferences must be held prior to the issuance of the Notice to Proceed to the contractors. The applicant’s architect will conduct the conference and document the discussions and agreements.



**14. BUILD AMERICA, BUY AMERICA ACT (BABAA)** The borrower/recipient must comply with the provisions of the Build America, Buy America Act (the “Act”). Pub. L. No. 117-58, §§ 70901-52, enacted on November 15, 2021. The Act requires that “none of the funds made available for a Federal financial assistance program for infrastructure may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.” Borrowers/Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

- a. All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
- b. All manufactured products used in the project are produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and
- c. All construction materials are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.

The BABAA requirement applies to the entirety of an infrastructure project, even if only a portion of the project is funded by Federal funds. The requirement applies to each product, manufactured good, or construction material incorporated in the project.

**14.1. Definitions (as applied in this condition only)**

Construction Materials—include an article, material, or supply—other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives—that is or consists primarily of:

- non-ferrous metals;
- plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
- glass (including optic glass);
- lumber; or
- drywall.

Domestic Content Procurement Preference—means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

Infrastructure—includes, at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical

transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property. Infrastructure also includes structures, facilities, and equipment that generate, transport, and distribute energy, including electric vehicle (EV) charging stations. “Infrastructure” has a broad interpretation and the definition provided is illustrative and not exhaustive.

Manufactured Product—Items assembled out of components, or otherwise made or processed from raw materials into finished products. Manufactured products must be manufactured (assembled) in the United States, and the cost of components that were mined, produced, or manufactured in the United States must be greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation.

Manufacturer’s Certification—Documentation provided by a manufacturer, certifying that the items provided by manufacturer meet the domestic preference requirements of the Act.

Project—means the construction, alteration, maintenance, or repair of infrastructure in the United States.

#### **14.2. Compliance**

The borrower/recipient must comply with the provisions of the Build America, Buy America Act (BABAA). Pub. L. No. 117-58, §§ 70901-52, enacted on November 15, 2021. By accepting these conditions, the borrower/recipient attests that they or their designee(s) will maintain documentation for BABAA provisions to indicate compliance.

Minimum records include certifications from manufacturers, the architect/engineers, and the prime contractor. Supporting documentation includes purchasing records and notes and photos taken by the Resident Project Representative (RPR)/ Resident Inspector (RI). Documentation must be available and reviewable upon request.

#### **14.3. Evidence Standards**

##### Manufacturers

For each item to which BABAA applies (every item permanently installed on the project, except for aggregate and aggregate binding materials), a manufacturer’s certification letter or other document demonstrating compliance is required. It must, at a minimum, identify the item being certified (short written description as well as part number, if applicable) and affirm that the item complies with BABAA. This document must be signed by an authorized company representative. The manufacturer may submit a letter on letterhead or provide other evidence acceptable to the Agency.

##### Architects and Engineers (A/E)

The need to comply with BABAA will be spelled out in agreements for A/E services, construction contracts, and procurement contracts. Generally, the A/E contract will

include, as a basic service, obtaining and maintaining all BABAA documentation (particularly manufacturers' certifications) during construction, which shall be transferred to the (borrower/recipient) upon substantial completion of the project. The architect or engineer should certify in writing to the completeness and accuracy of the manufacturers' certifications.

#### Resident project representative (RPR) / Resident inspector (RI)

As part of their duties, RPR/RI will be instructed to verify items delivered to the site and installed are accompanied by documentation of compliance with BABAA. They will photograph items as appropriate. RPR/RI daily logs and photographs will become part of the construction record and can be used as supporting information during audits, providing evidence for items that are buried or otherwise inaccessible.

#### Contractors

The construction contract(s) will include a requirement to procure and install only items that comply with BABAA or are subject to a waiver approved by the Secretary of Agriculture or designee. The contractors are to provide manufacturers' certifications for all BABAA compliant items to the architect/engineer no later than with applications for payment. At substantial completion, the contractor will be required to certify that all items used on the contract complied with BABAA and that all manufacturers' certifications were provided to the architect/engineer.

#### **14.4. Obtaining Waivers under the BABA Act**

The Secretary of Agriculture or a designee may grant waivers to the procurement requirements under the following conditions:

(1) *Nonavailability*. The Secretary of Agriculture or delegate determines that the iron, steel or relevant manufactured goods or construction materials are not produced or manufactured in sufficient and reasonably available commercial quantities of a satisfactory quality.

(2) *Unreasonable cost*. The Secretary of Agriculture or delegate determines that the inclusion of domestic iron, steel, or relevant manufactured goods will increase the cost of the overall project by more than 25%.

(3) *Inconsistent with public interest*. The Secretary of Agriculture or delegate determines that the application of these restrictions would be inconsistent with the public interest.

#### **14.5. BABAA Waivers for Rural Development**

A waiver of the domestic procurement requirement for a specific product in a specific infrastructure project may be obtained upon a satisfactory showing of evidence that the waiver is warranted by a (borrower/recipient) and a recommendation by the

Agency. Waivers of the procurement requirement are granted by the Secretary of Agriculture or by a designee of the Secretary. The requirements are posted publicly at the USDA OCFO website: USDA Buy America Waivers for Federal Financial Assistance | USDA located at <https://www.usda.gov/ocfo/federal-financial-assistance-policy/USDABuyAmericaWaiver>

Before submitting a request for waiver, (borrower/recipient) should determine whether they qualify for agency-wide public interest waivers that have already been approved by USDA. One such public interest waiver is referred to as the “*De Minimis*, Small Grants, and Minor Components” waiver, which has three parts. *De Minimis* is intended to prevent restrictions on the procurement of materials and products that represent a small portion of an infrastructure project, specifically no more than 5% of the project costs up to a maximum of \$1,000,000, from hindering the overall project. *Small Grants* exempts projects below the Federal Simplified Acquisition Threshold of \$250,000 (the grant section also applies to small loans and loan guarantees). The *Minor Components* provision of the waiver exempts miscellaneous components of iron and steel that make up no more than 5% of the total cost of an iron or steel product used in a project.

15. **Electronic Funds Transfer**—All loan funds will be transferred to borrowers via Electronic Funds Transfer/Automated Clearinghouse Systems (EFT/ACH). Normal transfers will be ACH, with money being placed in Borrower's account two business days after the USDA processing office approves the pay request. The applicant must submit the Electronic Funds Transfer Form containing the banking (ACH) information to the USDA Servicing Office at least 90 days prior to the date of loan closing. Failure to do so could delay loan closing.
16. **Automatic Payments**—The applicant is required to participate in the Pre-Authorized Debit (PAD) payment process for all new and existing indebtedness to USDA Rural Development. It will allow for the applicant’s payment to be electronically debited from its account on the date their payment is due. Form RD 3550-28, “Authorization Agreement for Pre-Authorized Payments,” is attached. Please fill out and sign your “Individual/Company Information” section, then have your financial institution/bank fill out the bottom portion prior to submitting the form to the USDA Rural Development service office.
17. **Loan Closing**—The permanent loan will be closed in accordance with USDA Rural Development instructions, the legal requirements of the USDA Office of General Counsel, and this Letter of Conditions. All applicable closing documents, including bond documents, must be submitted to USDA Rural Development at least 90 days prior to the planned closing date. Prior to loan closing, a request for reimbursement must be submitted to USDA with all the supporting invoices.
18. **Operating Budget**— Prior to loan closing, USDA Rural Development must review the applicant’s approved operating budget. The budget must balance and include the proposed USDA debt service and reserve obligations. Each year the USDA loan is

outstanding, the applicant will adopt an annual budget which provides for the annual debt service and reserve payments.

**19. System for Award Management Registration and Unique Entity ID**—You as the recipient must maintain the currency of your information in the System for Award Management (SAM) until you submit the final financial report required under this award and all grant funds under this award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on-line at (<https://www.sam.gov>) You as the recipient may not make a sub-award to an entity unless the entity has provided its Unique Entity ID from SAM.gov to you.

**20. Suspension and Debarment Screening** – You will be asked to provide information on the principals of your organization. Agency staff must conduct screening for suspension and debarment of the entity, as well as its principals through the Do Not Pay Portal.

a. Principal –

- i. An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or
- ii. A consultant or other person, whether or not employed by the participant or paid with federal funds, who –

1. Is in a position to handle federal funds;

2. Is in a position to influence or control the use of those funds; or,

Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (2 CFR §180.995)

**21. Litigation**. You are required to notify the Agency within 30 days of receiving notification of being involved in any type of litigation prior to loan closing or start of construction, whichever occurs first. Additional documentation regarding the situation and litigation may be requested by the Agency.

## **SECTION II. LOAN CONDITIONS TO BE SATISFIED DURING CONSTRUCTION**

1. **Disbursement of Grant Funds** (if applicable)—USDA Rural Development funds will be advanced as they are needed in the amount(s) necessary to cover the Rural Development proportionate share of obligation due and payable to the Grantee. Interest earned on grant funds in excess of \$250 for Nonprofits and \$100 for Public Bodies per year will be submitted to Rural Development at least quarterly, as required in 2 CFR part 200 as applicable.
2. **Inspections**— A full-time resident inspector is required during construction. This service is to be provided by the consulting architect or other arrangements as approved by the Agency. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and Agency for review and approval. The owner will provide a letter of acceptance for all proposed observers to the architect and Agency. The inspection reports must be available to USDA, Rural Development for

review at any time. These reports must be kept at the project site or borrower's office, if nearby.

3. **Monthly Reporting**—The applicant must monitor and provide a monthly report to USDA Rural Development on actual performance during construction for each project financed, or to be financed, in whole or in part with USDA Rural Development funds, to include Forms RD 1924-18, “Partial Payment Estimate”; RD 1924-7, “Contract Change Order”; SF-270, “Request for Advance or Reimbursement” (non-construction); SF-271, “Outlay Report and Request for Reimbursement for Construction Programs”; and Project Daily Inspection Reports.
4. **Final Inspection**—A final inspection will be made by USDA Rural Development on the component USDA is financing before final payment is made.
5. **Excess Funds**—Any remaining funds must be utilized for approved purposes within 60 days following the final inspection or the funds will be canceled without further notification from USDA Rural Development.

### **SECTION III. LOAN CONDITIONS TO BE SATISFIED AFTER PROJECT COMPLETION**

1. **Financial Statements**—To be submitted on an annual basis in accordance with the following:
  - a. 2 CFR Part 200, Subpart F establishes audit requirements that borrowers and grantees must follow. Borrowers and grantees who expend \$750,000 or more in Federal awards in their fiscal year, have CF loan balances totaling \$750,000 or more, or a combination of the two must submit an audit in accordance with 2 CFR 200, Subpart F.

**Federal funds expended during a borrowers fiscal year:** 2 CFR Part 200, Subpart F requires a borrower that expends \$750,000 or more in Federal awards in their fiscal year to submit a single or program-specific audit. A CF direct loan, guaranteed loan, and/or grant, or any combination thereof, are considered Federal awards.

**Grantees:** Grantees that expend \$750,000 or more in a year in Federal awards must have an audit conducted in accordance with 2 CFR Part 200, Subpart F except when the grantee elects to have a program specific audit conducted.

**Prior loan and loan guarantees:** 2 CFR Part 200, §200.502(b) establishes the basis for including loan and loan guarantees (loans) on the Schedule of Expenditures of Federal Awards (SEFA). The value of new loans made or received during the audit period plus the beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements must be reported on the SEFA. CF Program loans require its borrowers to meet continuing compliance requirements. Continuing compliance requirements that CF borrowers

must meet include, but are not limited to, funding reserves, maintaining insurance, deposit funds in Federally insured banks, meet financial covenants, maintain sufficient debt service ratios, comply with civil rights requirements, and comply with additional requirements established as part of the loan approval process.

Borrowers and grantees must submit audits within nine months from the end of the borrower's fiscal year or 30 days after receipt from the auditor, whichever is earlier. The audited financial statements must be submitted to the Federal Audit Clearinghouse.

- b. All borrowers exempt from the audit requirements cited in 1(a) above, and who do not otherwise have annual audits, will within 60 days following the end of the borrower's fiscal year furnish Rural Development with annual financial statements, consisting of a verification of the organizations, balance sheet and statement of income and expenses.

Grantees exempt from the audit requirements cited in 1(a) above, and who do not otherwise have annual audits, will within 60 days following the end of the fiscal year in which any grant funds were expended furnish Rural Development with annual financial statements consisting of a verification of the organizations, balance sheet and statement of income and expenses.

The borrower/grantee may use Forms RD 442-2 "Statement of Budget, Income and Equity" and 442-3 "Balance Sheet", or similar format to provide the financial information. For borrowers using Form RD 442-2, the dual purpose of fourth quarter management reports, when required, and annual statements of income will be met with this one submission.

2. **Quarterly Reports**—A quarterly management report will be required for the first year for new borrowers and for all borrowers experiencing financial or management problems for one year from the date problems were noted. If the borrower's account is current at the end of the year, the processing office may waive the required reports. The recipient may use Form RD 442-2 or similar format to provide this information, and the reports are to be signed by the appropriate borrower official and submitted within 30 days of each quarter's end.
3. **Audit agreement**—If you are required to obtain the services of a licensed Certified Public Accountant (CPA), you must enter into a written audit agreement with the auditor. The audit agreement may include terms and conditions that you and auditor deem appropriate.
4. **Limitations of Additional Debt**- You will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Agency.

5. **Compliance Reviews**—Rural Development will be required to periodically conduct a compliance review of this facility and operation. Compliance reviews will be completed one year after loan closing and every three years thereafter. You will need to provide the local office the statistical information as requested.

The Agency will conduct regular compliance reviews of the borrower and its operation in accordance with 7 CFR Part 1901, Subpart E, and 36 CFR 1191, Americans with Disabilities Act (ADA) Accessibility Guidelines for Buildings and Facilities; Architectural Barriers Act (ABA) Accessibility Guidelines. Compliance reviews will typically be conducted in conjunction with the security inspections described in this letter. If beneficiaries (users) are required to complete an application or screening for the use of the facility or service that the recipient provides, the recipient must request and collect data by race (American Indian or Alaska Native, Asian, Black or African American, White); ethnicity (Hispanic or Latino, Not Hispanic or Latino); and by sex. The Agency will utilize this data as part of the required compliance review.

6. **Security Inspections**—Rural Development is required to conduct an inspection of the facility a minimum of once every three years. The recipient must participate in these inspections and provide the required information.
7. **Graduation**—You may be required to refinance (graduate) the unpaid balance of the RD loan, in whole or in part, if at any time RD determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time, the recipient will be requested to refinance. The ability to refinance will be assessed every other year for those loans that are five years old or older.
8. **Prepayment and Extra Payments** - Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

*Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.*





**REQUEST FOR OBLIGATION OF FUNDS**

<b>INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )</b> <b>Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.</b>			
<b>1. CASE NUMBER</b> ST CO BORROWER ID		<b>LOAN NUMBER</b>	<b>FISCAL YEAR</b>
<b>2. BORROWER NAME</b>		<b>3. NUMBER NAME FIELDS</b> (1, 2, or 3 from Item 2)	
		<b>4. STATE NAME</b>	
		<b>5. COUNTY NAME</b>	
<b>GENERAL BORROWER/LOAN INFORMATION</b>			
<b>6. RACE/ETHNIC CLASSIFICATION</b> 1 - WHITE 2 - BLACK 3 - AI/AN 4 - HISPANIC 5 - A/PI	<b>7. TYPE OF APPLICANT</b> 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - INDIAN TRIBE 10 - PUBLIC COLLEGE/UNIVERSITY 11 - OTHER	<b>8. COLLATERAL CODE</b> 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	<b>9. EMPLOYEE RELATIONSHIP CODE</b> 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
<b>10. SEX CODE</b> 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN. FEMALE OWNED 6 - PUBLIC BODY	<b>11. MARITAL STATUS</b> 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	<b>12. VETERAN CODE</b> 1 - YES 2 - NO	<b>13. CREDIT REPORT</b> 1 - YES 2 - NO
<b>14. DIRECT PAYMENT</b> (See FMI)	<b>15. TYPE OF PAYMENT</b> 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	<b>16. FEE INSPECTION</b> 1 - YES 2 - NO	
<b>17. COMMUNITY SIZE</b> 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000	<b>18. USE OF FUNDS CODE</b> (See FMI)		
<b>COMPLETE FOR OBLIGATION OF FUNDS</b>			
<b>19. TYPE OF ASSISTANCE</b> (See FMI)	<b>20. PURPOSE CODE</b>	<b>21. SOURCE OF FUNDS</b>	<b>22. TYPE OF ACTION</b> 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
<b>23. TYPE OF SUBMISSION</b> 1 - INITIAL 2 - SUBSEQUENT	<b>24. AMOUNT OF LOAN</b>	<b>25. AMOUNT OF GRANT</b>	
<b>26. AMOUNT OF IMMEDIATE ADVANCE</b>	<b>27. DATE OF APPROVAL</b> MO DAY YR	<b>28. INTEREST RATE</b> %	<b>29. REPAYMENT TERMS</b>
<b>COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS</b>			
<b>30. PROFIT TYPE</b> 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
<b>COMPLETE FOR EM LOANS ONLY</b>		<b>COMPLETE FOR CREDIT SALE-ASSUMPTION</b>	
<b>31. DISASTER DESIGNATION NUMBER</b> (See FMI)	<b>32. TYPE OF SALE</b> 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN		
<b>FINANCE OFFICE USE ONLY</b>		<b>COMPLETE FOR FP LOANS ONLY</b>	
<b>33. OBLIGATION DATE</b> MO DA YR	<b>34. BEGINNING FARMER/RANCHER</b> (See FMI)		

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

**ORIGINAL - Borrower's Case Folder**

**COPY 1 - Finance Office**

**COPY 2 - Applicant/Lender**

**COPY 3 - State Office**

# CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

## 35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. \_\_\_\_\_ YES \_\_\_\_\_ NO

**WARNING:** **Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."**

Date \_\_\_\_\_, 20 \_\_\_\_\_  
*(Signature of Applicant)*

Date \_\_\_\_\_, 20 \_\_\_\_\_  
*(Signature of Co-Applicant)*

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

\_\_\_\_\_  
*(Signature of Approving Official)*

Typed or Printed Name: \_\_\_\_\_

Date Approved: \_\_\_\_\_ Title: \_\_\_\_\_

38. TO THE APPLICANT: As of this date \_\_\_\_\_, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

**LETTER OF INTENT TO MEET CONDITIONS**

Date \_\_\_\_\_

TO: United States Department of Agriculture

\_\_\_\_\_  
(Name of USDA Agency)

\_\_\_\_\_  
(USDA Agency Office Address)  
\_\_\_\_\_

We have reviewed and understand the conditions set forth in your letter dated \_\_\_\_\_. It is our intent to meet all of them not later than \_\_\_\_\_.

\_\_\_\_\_  
(Name of Association)  
BY \_\_\_\_\_  
\_\_\_\_\_  
(Title)

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.*

EXTRACT OF MINUTES OF A MEETING  
OF THE CITY COUNCIL OF THE  
CITY OF HOWARD LAKE, MINNESOTA

HELD: February 28, 2024

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Howard Lake, Minnesota, was duly held on Wednesday, February 28, 2024 at 7:00 p.m.

The following Council members were present:

and the following were absent: \_\_\_\_\_ Council member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION 24-02 AUTHORIZING THE CITY ADMINISTRATOR AND MAYOR TO APPROVE AND EXECUTE DOCUMENTS AND AGREEMENTS NECESSARY TO SUPPORT STREET & UTILITY**

BE IT RESOLVED by the City Council of the City of Howard Lake, State of Minnesota (herein, the "City"), as follows:

The project team inclusive of USDA, financial advisor, engineering firm and city administration are all involved with various approvals needed related to advancing an estimated \$34Million in street and utility improvements proposed in Howard Lake. Such approvals change orders and such approvals take approximately weeks to complete and doing so while waiting for official council action may extend said timeline; and

The City Council hereby finds and declares that it is necessary and expedient for the City to review and approve various documents and agreements necessary for the project to move forward to construction; and

City staff and the mayor are duly authorized to execute documents on the following conditions:

1. All forms and agreements are deemed necessary by the project team to advance the project.
2. The forms and agreements and documents have been reviewed by necessary consultants including financial advisory, engineer and attorney.
3. Documents executed by council obligate funding from the federal government but do not officially close on financing.

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF WRIGHT  
CITY OF HOWARD LAKE

I, the undersigned, being the duly qualified and acting City Administrator of the City of Howard Lake, 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 City Council of said City, duly called and held on the date therein indicated, insofar as such minutes related to change orders for the construction of the library project .

WITNESS my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2024

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Nick Haggemiller  
City Administrator



# HOWARD LAKE CITY COUNCIL MEETING

February 28, 2024

**AGENDA ITEM:** Consider Approval of Architectural Services for Fire Hall Plans

**SECTION:** New Business

**FROM:** Nick Haggenmiller, City Administrator

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**BACKGROUND:** Over the past three years a Fire Hall study has been performed and concept plans have been discussed for the Howard Lake Fire Hall to address cancer carcinogens and related extraction, renovate the 30 year old facility and offer an expansion where necessary.

The initial feasibility study conducted by BKV identified a \$2.2 Million project and did not fully meet the needs or goals of the fire department. Specifically, the cost was deemed too high while also falling short of addressing certain space needs. At the same time, the probable area for an addition was unobtainable.

Subsequently, staff has received cost estimates from RAM and CGI ranging from \$1.5 – \$2 million in renovations and a potential addition to the building. The open area behind the Fire Hall is currently owned by Citizens Alliance Bank, but in recent discussions with them, they have agreed to donate that land to the City for the Fire Department.

BKV Group has submitted a proposal for Architectural and Engineering Services for the Fire Station Study, see attached.

Next steps would include staff and BKV to finish a concept plan and meet with the Public Safety Commission, City Council, and the Townships to review the plans and discuss a project in 2025/2026.

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## **DECISION MAKING METRICS:**

**FINANCIAL:** Architectural and Engineering Services for the Fire Hall Study from BKV - \$6,500.

**LEGAL:** Open

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**COUNCIL ACTION REQUESTED:** Approve Architectural Services for Fire Hall Plans with BKV.

## **ATTACHMENTS:**

1. Howard Lake Fire Study Proposal - BKV

**Nick Haggemiller, City Administrator**  
**City of Howard Lake**  
**625 8th Avenue**  
**Howard Lake, MN 55349**

Emailed to: cityadmin@howard-lake.mn.us

**Re: Proposal for Architectural and Engineering Services  
for the Howard Lake Fire Station Study**

January 26, 2024

Dear Nick,

On behalf of BKV Group, thank you for the opportunity to continue our work with the City of Howard Lake and the Howard Lake Fire Department. Below you will find a scope of work and fee proposal for the additional concept planning for the Fire Station. Having completed the prior facility assessment, space programming, and operational assessment of your Fire Station in 2021, we understand the constraints of the existing facility and have a team of Architects and Engineers ready to perform this work.

## SCOPE OF WORK

We understand that you are looking to expand on the previous study's findings to explore additional planning options for the existing facility. The following is a summary of the intended scope that was provided to us:

### Option 1 – West Addition/Renovation

- Revised concept based on previous conversations
  - Including code review that addresses construction manager speculations: ICC 500 storm shelter, generator, etc.
- Exterior Elevation Drawings of Concept

### Option 2 – East Addition

- Concept site plan

### Cost Estimating

- Provide cost estimates for both planning options
  - Review construction type(s):
    - Pole-barn structure vs. Pre-engineered steel vs. Masonry

The process we propose below will be first a confirmation of the previously established operational needs for the fire department, then investigate the constraints and opportunities of the existing facility to accommodate the current and future needs of the Fire Department. Cost estimates will be prepared for each planning option.



## WORK PLAN

### Workshop #1: Kickoff & Program Confirmation

- Define project objectives and goals
- Review project schedule
- Discuss operational space needs and any changes in the recent years
- Tour facility with Architects and Structural Engineer

### Workshop #2: Concept Planning

- Review concept plan(s)
  - Identify renovation/expansion areas
  - Identify ICC 500 storm shelter location
- Preliminary cost estimates

### Workshop #3: Planning Refinements (VIRTUAL)

- Review concept plan(s)
- Review exterior elevations
- Review cost estimates
- Discuss Pro/Cons of options

### Workshop #4: Council Work Session

- Present concept plan(s) and cost estimates to City Council

### Final Report

All of the study deliverables will be discussed with the City as the study progresses, but at the completion of the work they will be combined into a final document. This document presents the options being considered and discusses their pros and cons with regards to firefighter health and safety, compliance with mission statement, short and long-term cost impacts, schedule, impacts to neighborhoods, sustainability, functionality, etc. To aid the City in moving forward with any projects that come out of the study, the report will identify an overall recommendation and key action items for consideration.

## SCHEDULE AND MEETINGS

We anticipate approximately 3 months to complete this study, however our team can be flexible to accommodate schedule constraints that the City may have and will discuss the overall schedule during our kickoff meeting.

## COMPENSATION

**The proposed total fee for the study as stated above is \$6,500.**

We anticipate incurring nominal expenses for printing, postage, mileage, etc. These are included within the above number.

## PAYMENT TERMS AND CONDITIONS

Monthly Invoices – Services will be invoiced monthly as a percentage of work completed. Payments are to be made 30 days after receipt. Payments later than 30 days may be subject to interest charges at current prime rate plus 2%.

Additional Services – Work falling outside the outlined Scope of Services and agreed upon by the Owner and BKV Group will be considered “Additional Services” and shall be compensated using the hourly billing rates for the various technical levels. No work will be considered an Additional Service unless requested and approved, in writing, by the client or their representative.

Use of the Architect's Instruments of Service – Drawings, specifications and other documents, including those in electronic form, prepared by the architect and the architect's consultants are Instruments of Service for use solely with respect to this project and are not transferable to others without the architect's written consent. The architect and the architect's consultants shall be deemed the authors and owners of their respective Instruments of Service and shall retain all common law, statutory and other reserved rights, including copyrights.

Dispute Resolution – Any claim, dispute or other matter in question arising out of or related to this agreement shall be subject to mediation as a condition precedent to the institution of legal or equitable proceedings by either party. If such matter relates to or is the subject of a lien arising out of the architect's services, the architect may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to resolution of the matter by mediation.

Project Termination – Should the project be terminated at any time by the Owner prior to completion of any phase, the architect will be compensated for any work completed up to the date of project termination.

### INDICATION OF APPROVAL

If the proposal is acceptable, please sign and date below as your approval to proceed with the work described above. Upon receiving an approved copy, we will make arrangements with you to immediately begin the process.

\_\_\_\_\_  
City of Howard Lake

\_\_\_\_\_  
Date

Thank you again for the opportunity to provide this proposal. We look forward to working with you. Please feel free to contact me at your convenience should you have any questions about this proposal.

Sincerely,

BKV Group



Michael Healy AIA  
Associate Partner, Project Manager

Cc: Paul Michell, BKV Group  
Craig Carter, BKV Group



# HOWARD LAKE CITY COUNCIL MEETING

January 28, 2024

**AGENDA ITEM:** Consider Approval of Resolution 24-03 Premises Permit for Pull Tabs Sales at Troubles Bar

**SECTION:** New Business

**FROM:** Meagan Theisen, Assistant City Administrator

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**BACKGROUND:** Kari Peter, with the Litchfield-Dassel-Cokato (LDC) Youth Hockey Organization submitted a premises permit application for the sale of pull tabs at Troubles Bar. The LDC Youth Hockey Organization is a nonprofit and licensed to operate/sell pull tabs through the State of Minnesota Gambling Board.

Staff approves desktop gambling applications in instances of event raffles and repeat/renew applications without council approval. This request is for pull tabs which is a council level approval.

The City of Howard Lake currently does not have an ordinance requiring gambling premises permit holders to donate a percentage of sales back to the host City/community. It is noted, that Howard Lake is a participating community in the LDC Hockey Program. Current premises permit holders, the Legion and Maple Lake Lions, both make donations to the City – but it is not currently required by ordinance. We have seen cities require anywhere from 3 to 10 percent of net profits, on a monthly basis, be donated to a specific City fund – such as the parks system. This may be something the Council would like to discuss and require.

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## **DECISION MAKING METRICS:**

**FINANCIAL:** VERY rough estimates suggest 3% of average pull tab revenue is about \$1,000/month.

**LEGAL:** The City of Howard Lake must formally approve all premise permits for gambling at establishments within Howard Lake City limits.

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**COUNCIL ACTION REQUESTED:** Approve the Resolution 24-03 for the premises permit for Litchfield-Dassel-Cokato Youth Hockey Organization to sell pull tabs at Troubles Bar.

## **ATTACHMENTS:**

1. Application submitted by LDC Hockey Association
2. Resolution 24-03

**LG214 Premises Permit Application**

**Annual Fee \$150 (NON-REFUNDABLE)**

**REQUIRED ATTACHMENTS TO LG214**

- 1. If the premises is leased, attach a copy of your lease. Use **LG215 Lease for Lawful Gambling Activity**.
- 2. \$150 annual premises permit fee, for each permit (non-refundable). Make check payable to "State of Minnesota."

**Mail the application and required attachments to:**  
 Minnesota Gambling Control Board  
 1711 West County Road B, Suite 300 South  
 Roseville, MN 55113

**Questions?** Call 651-539-1900 and ask for Licensing.

**ORGANIZATION INFORMATION**

Organization Name: LDC Youth Hockey, Inc. License Number: 92794  
 Chief Executive Officer (CEO) Laura Holmquist Daytime Phone: 320-221-0332  
 Gambling Manager: Kari Peter Daytime Phone: 763-267-1277

**GAMBLING PREMISES INFORMATION**

Current name of site where gambling will be conducted: Troubles

List any previous names for this location:

Street address where premises is located: 928 6th St  
(Do not use a P.O. box number or mailing address.)

City: Howard Lake **OR** Township: \_\_\_\_\_ County: Wright Zip Code: 55349

Does your organization own the building where the gambling will be conducted?  
 Yes  No **If no, attach LG215 Lease for Lawful Gambling Activity.**

A lease is not required if only a raffle will be conducted.

Is any other organization conducting gambling at this site?  Yes  No  Don't know

Note: Bar bingo can only be conducted at a site where another form of lawful gambling is being conducted by the applying organization or another permitted organization. Electronic games can only be conducted at a site where paper pull-tabs are played.

Has your organization previously conducted gambling at this site?  Yes  No  Don't know

**GAMBLING BANK ACCOUNT INFORMATION; MUST BE IN MINNESOTA**

Bank Name: Perennial Bank Bank Account Number: 3113797  
 Bank Street Address: 310 North 1st St City: Darwin State: **MN** Zip Code: 55355


**ALL TEMPORARY AND PERMANENT OFF-SITE STORAGE SPACES**

Address (Do not use a P.O. box number): 519 E Curran St City: Darwin State: **MN** Zip Code: 55355  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**ACKNOWLEDGMENT BY LOCAL UNIT OF GOVERNMENT: APPROVAL BY RESOLUTION**

<p><b>CITY APPROVAL</b> for a gambling premises located within city limits</p>	<p><b>COUNTY APPROVAL</b> for a gambling premises located in a township</p>
City Name: _____	County Name: _____
Date Approved by City Council: _____	Date Approved by County Board: _____
Resolution Number: _____ (If none, attach meeting minutes.)	Resolution Number: _____ (If none, attach meeting minutes.)
Signature of City Personnel:  _____	Signature of County Personnel:  _____
Title: _____ Date Signed: _____	Title: _____ Date Signed: _____
<p><b>Local unit of government must sign.</b></p>	<p><b>TOWNSHIP NAME:</b> _____</p> <p><b>Complete below only if required by the county.</b> On behalf of the township, I acknowledge that the organization is applying to conduct gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minnesota Statutes 349.213, Subd. 2.)</p> <p>Print Township Name: _____</p> <p>Signature of Township Officer: _____</p> <p>Title: _____ Date Signed: _____</p>

**ACKNOWLEDGMENT AND OATH**

<ol style="list-style-type: none"> <li>1. I hereby consent that local law enforcement officers, the Board or its agents, and the commissioners of revenue or public safety and their agents may enter and inspect the premises.</li> <li>2. The Board and its agents, and the commissioners of revenue and public safety and their agents, are authorized to inspect the bank records of the gambling account whenever necessary to fulfill requirements of current gambling rules and law.</li> <li>3. I have read this application and all information submitted to the Board is true, accurate, and complete.</li> <li>4. All required information has been fully disclosed.</li> <li>5. I am the chief executive officer of the organization.</li> </ol>	<ol style="list-style-type: none"> <li>6. I assume full responsibility for the fair and lawful operation of all activities to be conducted.</li> <li>7. I will familiarize myself with the laws of Minnesota governing lawful gambling and rules of the Board and agree, if licensed, to abide by those laws and rules, including amendments to them.</li> <li>8. Any changes in application information will be submitted to the Board no later than ten days after the change has taken effect.</li> <li>9. I understand that failure to provide required information or providing false or misleading information may result in the denial or revocation of the license.</li> <li>10. I understand the fee is non-refundable regardless of license approval/denial.</li> </ol>
<p> _____ <b>Signature of Chief Executive Officer (designee may not sign)</b></p>	<p style="text-align: right;">2/2/24 _____ <b>Date</b></p>

<p>Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process your organization's application. Your organization's name and address will be public</p>	<p>information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to: Board members, Board staff whose work requires access to the information;</p>	<p>Minnesota's Department of Public Safety, Attorney General, Commissioners of Administration, Minnesota Management &amp; Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.</p>
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This form will be made available in alternative format, i.e. large print, braille, upon request.

MINNESOTA LAWFUL GAMBLING  
**LG215 Lease for Lawful Gambling Activity**

**LEASE INFORMATION**

Organization: <u>LDC Youth Hockey, Inc.</u>		License/Site Number: <u>92794</u>	Daytime Phone: <u>320-221-0332</u>
Address: <u>P.O. Box 2</u>		City: <u>Litchfield</u>	State: Zip: <u>MN 55355</u>
Name of Leased Premises: <u>E Jastrzebski's LLC aka Troubles</u>		Street Address: <u>208 6th St</u>	
City: <u>Howard Lake</u>		State: Zip: <u>MN 55349</u>	Daytime Phone: <u>320-543-1100</u>
Name of Legal Owner: <u>Neil Jastrzebski</u>		Business/Street Address: <u>3005 Cedar Blvd</u>	
City: <u>Howard Lake</u>		State: Zip: <u>MN 55349</u>	Daytime Phone: <u>612-702-1171</u>
Name of Lessor (if same as legal owner, write "SAME"): <u>SAME</u>		Address:	
City:		State: Zip:	Daytime Phone:

Check applicable item:

**New or amended lease.** Effective date: \_\_\_\_\_. Submit changes at least ten days **before** the effective date of the change.

**New owner.** Effective date: \_\_\_\_\_. Submit new lease **within** ten days after new lessor assumes ownership.

**CHECK ALL ACTIVITY THAT WILL BE CONDUCTED (no lease required for raffles)**

<input checked="" type="checkbox"/> Pull-Tabs (paper)	<input checked="" type="checkbox"/> Electronic Pull-Tabs
<input checked="" type="checkbox"/> Pull-Tabs (paper) with dispensing device	<input checked="" type="checkbox"/> Electronic Linked Bingo
<input checked="" type="checkbox"/> Bar Bingo <input checked="" type="checkbox"/> Bingo	Electronic games may only be conducted:
<input checked="" type="checkbox"/> Tipboards	1. at a premises licensed for the on-sale of intoxicating liquor or the on-sale of 3.2% malt beverages; or
<input checked="" type="checkbox"/> Paddlewheel <input checked="" type="checkbox"/> Paddlewheel with table	2. at a premises where bingo is conducted as the primary business and has a seating capacity of at least 100.

**PULL-TAB, TIPBOARD, AND PADDLEWHEEL RENT (separate rent for booth and bar ops)**

**BOOTH OPERATION:** Some or all sales of gambling equipment are conducted by an employee/volunteer of a licensed organization at the leased premises.

**ALL GAMES, including electronic games:** Monthly rent to be paid: \_\_\_\_%, not to exceed **10%** of gross profits for that month.

- Total rent paid from all organizations for only booth operations at the leased premises **may not exceed \$1,750**.
- The rent cap does not include BAR OPERATION rent for electronic games conducted by the lessor.

**BAR OPERATION:** All sales of gambling equipment conducted by the lessor or lessor's employee.

**ELECTRONIC GAMES:** Monthly rent to be paid: 15%, not to exceed **15%** of the gross profits for that month from electronic pull-tab games and electronic linked bingo games.

**ALL OTHER GAMES:** Monthly rent to be paid: 20%, not to exceed **20%** of gross profits from all other forms of lawful gambling.

- If any booth sales conducted by a licensed organization at the premises, rent may not exceed **10%** of gross profits for that month and is subject to booth operation **\$1,750** cap.

**BINGO RENT (for leased premises where bingo is the primary business conducted, such as bingo hall)**

Bingo rent is limited to one of the following:

- Rent to be paid: \_\_\_\_%, not to exceed **10%** of the monthly gross profit from all lawful gambling activities held during bingo occasions, excluding bar bingo.
- OR**
- Rate to be paid: \$ \_\_\_\_\_ per square foot, not to exceed 110% of a comparable cost per square foot for leased space, as approved by the director of the Gambling Control Board. The lessor must attach documentation, verified by the organization, to confirm the comparable rate and all applicable costs to be paid by the organization to the lessor.
  - ⇒ **Rent may not be paid for bar bingo.**
  - ⇒ Bar bingo does not include bingo games linked to other permitted premises.

**LEASE TERMINATION CLAUSE (must be completed)**

The lease may be terminated by either party with a written 60 day notice. Other terms:

# LG215 Lease for Lawful Gambling Activity

**Lease Term:** The term of this agreement will be concurrent with the premises permit issued by the Gambling Control Board (Board).

**Management:** The owner of the premises or the lessor will not manage the conduct of lawful gambling at the premises. The organization may not conduct any activity on behalf of the lessor on the leased premises.

**Participation as Players Prohibited:** The lessor will not participate directly or indirectly as a player in any lawful gambling conducted on the premises. The lessor's immediate family and any agents or gambling employees of the lessor will not participate as players in the conduct of lawful gambling on the premises, except as authorized by Minnesota Statutes, Section 349.181.

**Illegal Gambling:** The lessor is aware of the prohibition against illegal gambling in Minnesota Statutes 609.75, and the penalties for illegal gambling violations in Minnesota Rules 7865.0220, Subpart 3. In addition, the Board may authorize the organization to withhold rent for a period of up to 90 days if the Board determines that illegal gambling occurred on the premises or that the lessor or its employees participated in the illegal gambling or knew of the gambling and did not take prompt action to stop the gambling. Continued tenancy of the organization is authorized without payment of rent during the time period determined by the Board for violations of this provision, as authorized by Minnesota Statutes, Section 349.18, Subd. 1(a).

To the best of the lessor's knowledge, the lessor affirms that any and all games or devices located on the premises are not being used, and are not capable of being used, in a manner that violates the prohibitions against illegal gambling in Minnesota Statutes, Section 609.75.

Notwithstanding Minnesota Rules 7865.0220, Subpart 3, an organization must continue making rent payments under the terms of this lease, if the organization or its agents are found to be solely responsible for any illegal gambling, conducted at this site, that is prohibited by Minnesota Rules 7861.0260, Subpart 1, item H, or Minnesota Statutes, Section 609.75, unless the organization's agents responsible for the illegal gambling activity are also agents or employees of the lessor.

The lessor must not modify or terminate the lease in whole or in part because the organization reported, to a state or local law enforcement authority or to the Board, the conduct of illegal gambling activity at this site in which the organization did not participate.

**Other Prohibitions:** The lessor will not impose restrictions on the organization with respect to providers (distributor or linked bingo game provider) of gambling-related equipment and services or in the use of net profits for lawful purposes.

The lessor, the lessor's immediate family, any person residing in the same residence as the lessor, and any agents or employees of the lessor will not require the organization to perform any action that would violate statute or rule. The lessor must not modify or terminate this lease in whole or in part due to the lessor's violation of this provision. If there is a dispute as to whether a violation occurred, the lease will remain in effect pending a final determination by the Compliance Review Group (CRG) of the Board. The lessor agrees to arbitration when a violation of this provision is alleged. The arbitrator shall be the CRG.

**Access to Permitted Premises:** Consent is given to the Board and its agents, the commissioners of revenue and public safety and their agents, and law enforcement personnel to enter and inspect the permitted premises at any reasonable time during the business hours of the lessor. The organization has access to the premises during any time reasonable and when necessary for the conduct of lawful gambling.

**Lessor Records:** The lessor must maintain a record of all money received from the organization, and make the record available to the Board and its agents, and the commissioners of revenue and public safety and their agents upon demand. The record must be maintained for 3-1/2 years.

**Rent All-Inclusive:** Amounts paid as rent by the organization to the lessor are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including but not limited to:

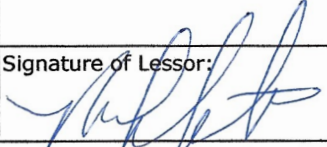
- trash removal
- electricity, heat
- snow removal
- storage
- janitorial and cleaning services
- other utilities or services
- lawn services
- security, security monitoring
- cost of any communication network or service required to conduct electronic pull-tabs games or electronic bingo
- in the case of bar operations, cash shortages.

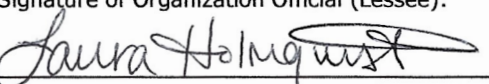
Any other expenditures made by an organization that is related to a leased premises must be approved by the director of the Board. Rent payments may not be made to an individual.

## ACKNOWLEDGMENT OF LEASE TERMS

I affirm that this lease is the total and only agreement between the lessor and the organization, and that all obligations and agreements are contained in or attached to this lease and are subject to the approval of the director of the Gambling Control Board.

**Other terms of the lease:**

Signature of Lessor:  Date: 1-25-24

Signature of Organization Official (Lessee):  Date: 1-25-24

Print Name and Title of Lessor: Neil Jastrzebski

Print Name and Title of Lessee: Laura Holmquist, President

**Questions?** Contact the Licensing Section, Gambling Control Board, at 651-539-1900. This publication will be made available in alternative format (i.e. large print, braille) upon request. **Data privacy notice:** The information requested on this form and any attachments will become public information when received by the Board, and will be used to determine your compliance with Minnesota statutes and rules governing lawful gambling activities.

**Mail or fax lease to:**  
 Minnesota Gambling Control Board  
 1711 W. County Road B, Suite 300 South  
 Roseville, MN 55113  
 Fax: 651-639-4032

**CITY OF HOWARD LAKE  
WRIGHT COUNTY, MINNESOTA  
RESOLUTION 24-03**

**APPROVING AN APPLICATION FOR A PREMISES PERMIT TO  
CONDUCT LAWFUL GAMBLING AT TROUBLES BAR**

WHEREAS, the Litchfield-Dassel-Cokato Youth Hockey, Inc. has submitted an application to the City Council of Howard Lake for a Premises Permit to conduct lawful gambling activities at Troubles Bar, 928 6<sup>th</sup> Street, Howard Lake, Minnesota; and

WHEREAS, the City Council is not opposed to a gambling permit being issued by the State Gambling Control Board;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL that the application Litchfield-Dassel-Cokato Youth Hockey, Inc. for a Premises Permit to conduct lawful gambling activities at Troubles Bar effective February 28, 2024.

ADOPTED BY the Howard Lake City Council this 28th day of February, 2024.

CITY OF HOWARD LAKE

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PETE ZIMMERMAN, MAYOR

ATTEST:

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NICK HAGGENMILLER, CITY CLERK