

**RICE COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. ____

RESOLUTION APPROVING PROPERTY TAX ABATEMENTS

(a) WHEREAS, the City of Northfield, Minnesota (the “City”) has requested that Rice County, Minnesota (the “County”) authorize a property tax abatement pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the “Abatement Act”) with respect to the property located at 115 5th St. W. in the City and identified as parcel identification number 22.01.1.00.013 (the “Abatement Property”) in connection with the acquisition of the Abatement Property by Loon Liquors LLC (the “Developer”) and the Developer’s relocation to, and buildout and equipping of the Abatement Property for its operation as a distillery (the “Project”);

(b) WHEREAS, the City has incurred acquisition, tax, legal, holding and other costs of the Abatement Property in the amount of \$1,297,976 (“City Costs”) but fair market value of the Abatement Property, and the purchase price the Developer has agreed to pay, is \$960,000 leaving an unpaid balance of \$337,976;

(c) WHEREAS on the date hereof, the City and the County held a joint public hearing regarding taxes proposed to be abated on the Abatement Property by the City during a period of up to 15 years in the maximum amount of \$219,968 and taxes proposed to be abated on the Abatement Property by the County during a period of up to 10 years in the maximum amount of \$77,618;

(d) WHEREAS notice of the hearing was duly published in accordance with the Abatement Law;

(e) WHEREAS, the abatements are not a business subsidy under Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Business Subsidy Act”) because the Developer will pay appraised value for the Abatement Property and the abatements will be paid to the City which is not a “recipient” within the meaning of the Business Subsidy Act;

(f) WHEREAS, it is necessary and desirable that the City and the County enter into an abatement pledge agreement to evidence the intent of the City and the County to pledge certain tax abatements derived from the Abatement Property to reimburse the City for a portion of the cost of the Abatement Property which exceeds the purchase price to be paid therefor by the Developer (i.e. \$297,586) (the “Tax Abatement Pledge Agreement”).

NOW THEREFORE, BE IT RESOLVED By the County Board of Rice County, Minnesota (the “Board”) as follows:

Section 1. Findings for the Abatement. The Board hereby makes the following findings:

(a) The Board expects the benefits to the County of the Abatement to at least equal the costs to the County thereof because (1) the Project provides economic stimulus needed to expand an existing business in the County; (2) the Project utilizes a vacant building in the City's downtown, which will preserve the tax base in the County; and (3) the Abatement amount finances only a portion of the cost of the Project and leverages the investment of private funding sources in the Project and, therefore, is less than the cost of the Abatement to the County.

(b) Granting the Abatement is in the public interest because it will (1) increase preserve the tax base by stimulating redevelopment of a vacant building in the City's downtown and helping to maintain values in the County for the reasons described in Section 2(a); (2) provide employment opportunities in the County; and (3) protect the general health and welfare of the community by preventing the emergence of blight in the County.

(c) The Abatement Parcel is not, and will not be, located in a tax increment financing district.

(d) In any year, the total amount of property taxes abated by the County under this and other resolutions, if any, does not exceed the greater of 10% of the net tax capacity of the County or \$200,000.

Section 2. Terms of Abatement. The Abatement is hereby approved. The terms of the Abatement are as follows:

(a) The abatement will apply to the County's share of annual real estate taxes received by the County with respect to the Abatement Property in an amount calculated in each tax-payable year commencing 2026 and continuing through and including 2035 as follows: the County tax rate for such tax-payable year multiplied by the net tax capacity (as defined in Minnesota Statutes, Section 273.13, subdivision 21b, as amended) of the Abatement Property in such tax-payable year multiplied by (1) 100% in tax-payable years 2026 through 2030; (2) 95% in tax-payable year 2031; (3) 85% in tax-payable year 2032; (4) 75% in tax-payable year 2033; (5) 65% in tax-payable year 2034; and (6) 55% in tax-payable year 2035 (the "Abatement").

(b) The Abatement shall be for up to a 10-year period and shall apply to the taxes payable in the years 2026 through 2035, inclusive, in an amount not to exceed \$77,618.

(c) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

Section 3. Approval of Tax Abatement Pledge Agreement.

(a) The Board hereby approves the Tax Abatement Pledge Agreement in substantially the form presented to the Board, together with any related documents necessary in connection therewith, (collectively, the "Abatement Documents"), and hereby authorizes the Chair and County Administrator to execute the same on behalf of the County, and to carry out, on behalf of

the County, the County's obligations thereunder when all conditions precedent thereto have been satisfied.

(b) The approval hereby given to the Abatement Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the County and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the County. The execution of any instrument by the appropriate officers of the County herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof.

(c) In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the County Attorney, may act in their behalf. Upon execution and delivery of the Abatement Documents, the officers and employees of the Board are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Board to implement the Abatement Documents, including without limitation depositing the Abatement amounts to the City in accordance with the Tax Abatement Pledge Agreement.

PASSED by the County Board of the Rice County, Minnesota on this 12th day of November, 2024.

ATTEST:

County Clerk