

ANNEXATION AGREEMENT

REC'D BY
MMR AUG 04 1994

This Agreement is by and between the CITY OF ST. MICHAEL, MINNESOTA, a Statutory City under the laws of the State of Minnesota, (the "City") and the TOWN OF FRANKFORT, Wright County, Minnesota, a political subdivision of the State of Minnesota, (the "Town").

RECITALS

WHEREAS, the City desires to annex a certain tract of land within the Town which is adjacent to the City's boundary; and

WHEREAS, the parcel to be annexed is comprised of 6.34 acres and is legally described as follows, to-wit:

That part of the West Half of the Southwest Quarter of Section 11, Township 120, Range 24, Wright County, Minnesota, lying northerly and easterly of the center line of Wright County Highway No. 119, containing 6.34 acres;

(the "Annexed Land"); and

WHEREAS, the City seeks to annex the Annexed Land pursuant to the authority and procedures granted it by M.S. Chapter 414; and

WHEREAS, the Town does not oppose the annexation, subject to receiving certain property tax benefits from the Annexed Land; and

WHEREAS, M.S. §414.033, Subd. 12 provides for the Town to receive certain property tax benefits from Annexed Land for a period of years; and

WHEREAS, said M.S. §414.033, Subd. 12 does not become effective until August 1, 1994 and applies to annexation actions commenced after said date; and

WHEREAS, notwithstanding the August 1, 1994 effective date of

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M.S. 414.033, Subd. 12, the City and Town desire to proceed with the annexation now and provide by this Agreement for certain property tax benefits from the Annexed Land to be received by the Town.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. That the Town will not oppose the City's annexation of the Annexed Land.
2. That the property taxes on the Annexed Land shall be paid to the Town for the year in which the annexation becomes effective.
3. That in consideration of number 1. above, the City agrees that in the first year following the year the Annexed Land is annexed to the City, the City shall make a cash payment to the Town in an amount equal to 90% of the property taxes paid in the year the Annexed Land was annexed; in the second year, an amount equal to 70% of the property taxes paid in the year the Annexed Land was annexed; in the third year, an amount equal to 50% of the property taxes paid in the year the Annexed Land was annexed; in the fourth year, an amount equal to 30% of the property taxes paid in the year the Annexed Land was annexed; and in the fifth year, an amount equal to 10% of the property taxes paid in the year the Annexed Land was annexed.
4. After the fifth year and thereafter, no further payments from the City to the Town shall be required.

IN WITNESS WHEREOF, the parties have executed this Agreement
as on dates stated below.

CITY OF ST. MICHAEL

By: Joanne Silbernick
Its Mayor

ATTEST:

Dawn Grossman
Its City Clerk

Dated: July 12, 1994

TOWN OF FRANKFORT

By: Thomas J. Hegarty
Its Chairman, Town Board of
Supervisors

ATTEST:

Sherry J. Berning
Its Town Clerk

Dated: July 19, 1994