

A JOINT RESOLUTION AMENDING THE ORIGINAL ORDERLY  
ANNEXATION AGREEMENT DOCKET #A-2148(OA)-2  
AND PROVIDING FOR THE ORDERLY ANNEXATION  
OF CERTAIN AREAS WITHIN SPRING LAKE TOWNSHIP  
TO THE CITY OF PRIOR LAKE

Spring Lake Township Resolution No. 03-005

City of Prior Lake Resolution No. 03-130  
Motion by Petersen, Second by Zieska

Recitals

- Whereas**, on November 20, 1972 Spring Lake Township, located in Scott County, Minnesota (the "Township") and the City of Prior Lake located in Scott County, Minnesota (the "City") entered into an Orderly Annexation Agreement ("1972 OAA") pursuant to Minnesota Statutes Chapter 414 for the Orderly Annexation of that certain land within the Township described in the 1972 OAA, which is attached hereto and incorporated herein as Exhibit 1; and
- Whereas**, in April 1991, the 1972 OAA was amended to apply to one property; and
- Whereas**, during the pendency of the 1972 OAA certain lands have been annexed into the City of Prior Lake; and
- Whereas**, circumstances and conditions have changed during the time that has elapsed since the adoption of the 1972 OAA; and
- Whereas**, the Township and City have met to discuss the changed circumstances and conditions and pursuant to said meetings have determined that the 1972 OAA no longer serves the best interests of the residents of the Township and City; and
- Whereas**, the Township and City desire to terminate the 1972 OAA and pass a Joint Resolution, pursuant to Minnesota Statute Section 414.0325 Subdivision 1(g) adopting a new Orderly Annexation Agreement; and
- Whereas**, the Township and City desire to set out the terms and conditions that will govern the new Orderly Annexation Agreement.

**Now Therefore be it Jointly Resolved** by the Spring Lake Township Board of Supervisors and the City of Prior Lake City Council that:

1. **Recitals**. The Recitals set forth above are incorporated herein and made part of this Joint Resolution.
2. **Designated Land**. This Joint Resolution is intended to establish an Orderly Annexation Agreement between Spring Land Township and the City of Prior Lake (hereinafter "OAA"). The OAA consists of the land designated in Exhibit 2 and legally described in Exhibit 3, which Exhibits are incorporated herein and made part of this Joint Resolution ("Orderly Annexation Area"). This Joint Resolution provides for the terms and conditions applicable to the Orderly Annexation of said land and the OAA.

3. **Director of the Office of Strategic and Long Range Planning.** This Joint Resolution is adopted by the Township and City pursuant to the provisions set out on Minnesota Statutes Section 414.0325 (g) which limits the role of the Director of the Office of Strategic and Long Range Planning or its successor agency to review and comment on an orderly annexation. No consideration by the Director of the Office of Strategic and Long Range Planning or its successor agency is necessary in order for any boundary adjustment to occur within the Orderly Annexation Area pursuant to this Joint Resolution.

The Director of the Office of Strategic and Long Range Planning or its successor agency may review and comment, but shall, within 30 days, order an annexation in the accordance with the terms of this Joint Resolution.

4. **Reasons Land Designated is in Need of Orderly Annexation.** The land designated in Exhibit 2 is in need of Orderly Annexation because:

- a. The owners of property within the 1972 OAA have been subject to uncertainty since 1972 over when their property would be annexed into the City.
- b. The OAA describes with particularity and certainty the terms, conditions and timeframe property will be annexed into the City.
- c. The designated area is now or about to become urban or suburban in character and the City is capable of providing the services required by the area within a reasonable time.
- d. The annexation will be in the best interest of the designated area.
- e. The designation is consistent with the findings of the legislature as set forth in Minnesota Statute Section 414.01 Subdivision 1a (1) – (4).

5. **Phasing of Annexation of Land within Designated Area.** The land within the designated area is divided into sub-areas. The sub-areas are depicted on Exhibit 2. The land identified in each sub-area (*legal descriptions of which are provided as Exhibit 3*) shall be annexed to the City according to the timetable identified below:

- a. Area within 3.1 shall be annexed upon the effective date of this Agreement.
- b. Area within 4.1- 4.4 shall be annexed to the City in 2004.
- c. Area within 6.1 and 6.2 shall be annexed in 2006.
- d. Area within 7.1 shall be annexed in 2007.
- e. Area within 8.1, 8.2 and 8.3 shall be annexed in 2008.
- f. Area within 10.1, 10.2 and 10.3 shall be annexed in 2010.
- g. Area within 12.1 shall be annexed in 2012.
- h. Area in 14.1 and 14.2 shall be annexed in 2014.
- i. Area in 24.1 shall be annexed in 2024.
- j. Area 24.2 shall be annexed in 2006, unless the Township enters into a Sewer and Water Construction and Maintenance Agreement ("SWCMA") with the City by November 15, 2005. The terms and conditions of the SWCMA shall be similar to the Sewer and Water Construction and Maintenance Agreement for South Shore Drive as amended, attached hereto and incorporated herein as Exhibit 4.
- k. Area 24.3 shall be annexed in 2024. This is Spring Lake (DNR ID:70-54P) below the 912.8 ordinary high water mark.

- 5.1 **Exceptions.** The year of annexation for all Areas set forth above shall be extended if sewer and water service is not within 150 feet of any boundary to the legally described Area. The extension

shall be effective until the latter of the following two situations occurs: (1) sewer and water service is within 150 feet of the Area, or (2) eight years has elapsed. If 8 years elapses and sewer and water is not within 150 feet of the area, the area will, without further action by the Township or City, be eliminated from this OAA.

- 5.2 **Resolution of City to Annex Designated Areas.** To annex land within Areas 4.1 – 4.4, 6.1 – 6.2, 7.1, 8.1 – 8.3, 10.1 – 10.3, 12.1, 14.1 and 14.2, and 24.1 – 24.3 as depicted in Exhibit 2, the City shall pass a resolution. Area 3.1 shall be annexed upon the effective date of this OAA. The resolution adopted by the City Council pertaining to the annexation shall state that:
- a. No action by Spring Lake Township or consideration by the Director of the Office of Strategic and Long-Range Planning or its successor agency is required to effectuate the annexation; and
  - b. The Director of the Office of Strategic and Long Range Planning or its successor agency may review and comment, but shall, within 30 days, order the annexation in accordance with the terms of the resolution.

6. **Township / City Property Taxes Applicable.**

- 6.1 **Property Taxes.** Property taxes payable on the annexed land shall continue to be paid to the Township for the year in which the annexation becomes effective.
- 6.2 **Property Tax Phasing.** If the annexation becomes effective on or before August 1<sup>st</sup> of a levy year, the City will levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1<sup>st</sup> of a levy year, the Township will continue to levy on the annexed area for that levy year, and the City shall not levy on the annexed area until the following levy year.
- 6.3 **Application of Property Tax Phasing.** In the first year following the year when the City can first levy on the annexed area, and thereafter, property taxes on the annexed land shall be paid to the City in accordance with the formula set out below:
- a. In the first year, the property owner shall receive a 50% property tax rate reduction in the City taxes.
  - b. In the second year, the property owner shall receive a 33% property tax rate reduction in City taxes.
  - c. In the third year, the property owner shall receive a 17% property tax rate reduction in City taxes.
  - d. In the fourth year and thereafter, the property owner shall pay full City taxes.
- 6.4 Any property within the Orderly Annexation Area which is subdivided after the effective date of this OAA, but before the date of annexation as set forth in Paragraph 5, shall not benefit from the City tax phasing provisions in Paragraph 6.3 above, nor shall the City be responsible for any payment to the Township pursuant to Paragraph 6.6.
- 6.5 Areas scheduled for annexation between 2004 and 2007 will be subject to phasing regardless of the year of annexation. All Areas scheduled for annexation in 2008 or after shall not be subject to the phasing schedule.
- 6.6 **Payment by the City to the Township for Property Annexed in Years 2008, 2010, 2012, and 2014.** The City shall make a cash payment to the Township for land designated for annexation

in 2008, 2009, 2010, 2011, 2012 and 2014. The amount of the payment shall be two times the amount in taxes that Spring Lake Township levied against the property in the designated annexed area in the preceding year, exclusive of debt service and special levies. The payment is being made in consideration of tax revenues lost by the Township as a consequence of the annexation. The amount payable to the Township applies only to the area annexed within a given year.

The City shall remit payment in two equal payments, the first payment is due by December 15<sup>th</sup> in the year the area is annexed and the second payment is due by December 15<sup>th</sup> in the year following annexation.

If an area designated for annexation in 2008, 2009, 2010, 2011, 2012 or 2014 is not annexed in the year designated because sewer and water is not within 150 feet of the annexed area, the payment pursuant to paragraph 6.6 herein shall not occur until the year the annexation occurs. The amount of the payment shall be based on the taxes the Township levied, exclusive of debt service and special levies, in the year the annexation occurs, rather than the year designated for the annexation to occur.

6.7 Certain Early Annexations. The City shall reimburse the Township for lost property tax revenue pursuant to the provisions set forth herein for any property within an area designated for annexation pursuant to Exhibit 2, where the property owner petitions for and annexation occurs prior to the year designated in Exhibit 2.

(a) Subdivisions. Property annexed into the City prior to the year designated in Exhibit 2 shall, upon subdivision, pay a fee to the City in the amount of two times (2x) the amount of taxes the property owner would have been responsible for paying to the Township.

(b) Developer Responsible for Payment to Township. Pursuant to the City's Subdivision Ordinance, all plats are subject to certain standardized charges. Those charges are set out in a Development Agreement between the City and developer or property owner or both. Development Agreements for subdivisions that occur pursuant to Paragraph 6.7 shall include the fee provided for in Paragraph 6.7(a).

(c) Pass-Through Fee to Township. The fee required by Paragraph 6.7(a) and collected pursuant to 6.7(b), shall be paid to the Township within thirty (30) days of receipt by the City.

7. Special Assessments for Sewer and Water. The City will extend sewer and water to annexed areas. The amount of the special assessment shall not exceed the special benefit a property receives from having municipal sewer and water. The costs to construct the facilities will be specially assessed against benefiting properties. Special benefit is the fair market value of property before and after the improvement. The property owners will also be responsible for paying any development related fees and/or area charges which may be due.

7.1 Deferred Special Assessments: Pursuant to the "City of Prior Lake Assessment Policy", all parcels within a sewer and water utility improvement area shall be levied an area assessment charge as determined by the Prior Lake City Council. For unplatted property that can be developed at a greater density than its present use, a maximum of 2.5 acres shall be assessed at the time of the improvement. The remaining acreage assessment may be deferred for five years. Large tracts of

land shall be assessed a maximum front footage of 150 feet at the time the improvement is constructed. Any remaining frontage in excess of 150 feet may be deferred for a period of five (5) years to allow for planned and orderly development of the property.

During any deferral period, simple interest will accrue subject to the interest rate established at the improvement project special assessment hearing. If the parcel is subdivided during this time period, the deferred assessments including accrued interest, will automatically be called down and currently certified on the property tax rolls upon final plat approval by the Prior Lake City Council. In addition to the payment for deferred assessments, the property shall be subject to all applicable development fees that would be incorporated into the context of a developers agreement. The City assessment policy is subject to change as determined by the Prior Lake City Council.

- 7.2 Credit to Special Assessment for Certain Septic Systems. Properties with septic systems will be eligible for a septic system credit. For the purposes of this OAA, the average cost of a septic system (regardless of whether the system is a mound system or other type of system) is deemed to be Fifteen Thousand (\$15,000) and the average life of a septic system is deemed to be twenty (20) years.

In order to be eligible to receive a septic system credit, the property owner must provide the City with a document from an independent inspector acceptable to City and qualified to inspect septic systems, "certifying" that the property owner's septic system falls within one of the following three categories:

- a. compliant with Scott County ordinances and any applicable state regulations in effect at the time of the inspection;
- b. non-compliant but functioning; or
- c. failing or failed.

The certification for a septic system credit must be submitted to the City Council before or at the time of the special assessment hearing date required pursuant to Minnesota Statutes Chapter 429.

- 7.2.1 Septic System Credits. A septic system credit is the amount a special assessment will be reduced. The age of the septic system at the time of the special assessment hearing shall be utilized for purposes of calculating the credit. All septic systems older than twenty (20) years shall not be eligible for a credit. For new septic systems, the beginning of the 20-year period will be calculated from the date the Certificate of Occupancy was granted for the dwelling. For replacement septic systems, the beginning of the 20-year period will be calculated from the date of the final inspection of the system by the permitting authority. The credit for a **compliant** septic system will be calculated based on 100% of Fifteen Thousand (\$15,000) amortized over twenty (20) years. The credit for a **non-compliant** but functioning septic system will be calculated based on 50% of Fifteen Thousand (\$15,000) amortized over a period of twenty (20) years. A **failing** or **failed** septic system is not eligible for a septic system credit against a special assessment for sanitary sewer. A property owner may not re-build a septic system in order to be eligible to qualify for a septic system credit.

7.2.1.1 Septic system assessment credits for a compliant system shall be calculated according to the following table:

| Septic System Age  | Assessment Credit | Septic System Age  | Assessment Credit |
|--------------------|-------------------|--------------------|-------------------|
| Less than 1 year   | \$15,000          | Less than 11 years | \$7,500           |
| Less than 2 years  | \$14,250          | Less than 12 years | \$6,750           |
| Less than 3 years  | \$13,500          | Less than 13 years | \$6,000           |
| Less than 4 years  | \$12,750          | Less than 14 years | \$5,250           |
| Less than 5 years  | \$12,000          | Less than 15 years | \$4,500           |
| Less than 6 years  | \$11,250          | Less than 16 years | \$3,750           |
| Less than 7 years  | \$10,500          | Less than 17 years | \$3,000           |
| Less than 8 years  | \$9,750           | Less than 18 years | \$2,250           |
| Less than 9 years  | \$9,000           | Less than 19 years | \$1,500           |
| Less than 10 years | \$8,250           | Less than 20 years | \$750             |

7.2.1.2 Septic system assessment credits for a non-compliant system shall be calculated according to the following table:

| Septic System Age  | Assessment Credit | Septic System Age  | Assessment Credit |
|--------------------|-------------------|--------------------|-------------------|
| Less than 1 year   | \$7,500           | Less than 11 years | \$3,750           |
| Less than 2 years  | \$7,125           | Less than 12 years | \$3,375           |
| Less than 3 years  | \$6,750           | Less than 13 years | \$3,000           |
| Less than 4 years  | \$6,375           | Less than 14 years | \$2,625           |
| Less than 5 years  | \$6,000           | Less than 15 years | \$2,250           |
| Less than 6 years  | \$5,625           | Less than 16 years | \$1,875           |
| Less than 7 years  | \$5,250           | Less than 17 years | \$1,500           |
| Less than 8 years  | \$4,875           | Less than 18 years | \$1,125           |
| Less than 9 years  | \$4,500           | Less than 19 years | \$750             |
| Less than 10 years | \$4,125           | Less than 20 years | \$375             |

7.3 Deferral of Hook-Up to Certified Septic Systems. Special assessments for the construction of a municipal sewer and water system are due and payable pursuant to the terms and conditions adopted by the City Council and certified to the County Auditor. Notwithstanding the foregoing, all property owners must either connect to the municipal sewer system or provide certification by an independent inspector pursuant to the provisions set forth in 7.2 above. Compliant septic systems shall be re-certified every 36 months from the original date of certification in order to continue to defer hook-up. A property owner who fails to provide any timely certification to the City shall be responsible for immediate hook-up within six months and for payment of all connection fees in effect at the time of hook-up to the municipal sewer system.

7.4 Deferral of Payment of Special Assessment. A qualifying property owner may apply for a deferral of special assessments. The City Council has adopted a special assessment deferral policy applicable to hardship situations. The policy, which is subject to change at the discretion of the City Council, provides eligibility criteria for the hardship deferral of special assessments. The decision whether to grant a special assessment is solely within the discretion of the City Council.

7.5 Properties with Existing Wells. Annexed properties must connect to municipal sewer and water within one (1) year of its availability subject to paragraphs 7.2 and 7.3 above. Annexed properties with existing wells which are in compliance with all applicable state regulations may continue to use the well for outside, non-domestic use, including but not limited to lawn sprinkling, filling swimming pools, washing cars and other non-domestic uses. Cross-connection with the municipal water system is prohibited.

8. **Planning and Land Use Control Within the New Orderly Annexation Area.** Pursuant to Minnesota Statutes Section 414.0325, subd. (a) and (b), this Joint Resolution establishes, a three-person board to exercise planning and land use control authority for the land depicted in Exhibit 2 and legally described in Exhibit 3. The three-person board shall make determinations as to land uses for those properties included in the new Orderly Annexation Area prior to the actual year of annexation. The three-person board shall operate in a manner prescribed by MN Stat. Section 471.59, subd. (2)-(8), inclusive, and administer the Comprehensive Plan and Zoning regulations of the County, given the understanding that the County ordinance will be amended as to all Areas except areas 24.1 to 24.2 (the 2024 annexation Area) to provide for one (1) housing units per forty (40) acres, with no bonus density provided for clustering. The composition of the three-person board shall consist of one (1) elected representative from the County, one (1) elected representative from the City, and one (1) elected representative from the Township.
- 8.1 **Applicable Zoning Ordinances.** Prior to the annexation of an area, the provisions of the Scott County laws, regulations and ordinances shall apply within an OAA area. Subsequent to the annexation of an OAA area, the Prior Lake laws, regulations and ordinances shall apply.
- 8.2 **Exception: South Shore Drive and Vergus Avenue.** The development and use of land subject to the South Shore Drive and Vergus Avenue "Construction and Maintenance Agreement for Sanitary Sewer and Water" are subject to the development provisions set out in the respective agreements.
9. **Miscellaneous Provisions.** This Joint Resolution is intended to establish a new Orderly Annexation Agreement between the Township and City and further intended to supercede any previous Orderly Annexation Agreements between the parties hereto.
10. **Municipal Board to Relinquish Jurisdiction.** Passage of this Joint Resolution shall be deemed a request by the Township and City to the Municipal Board to relinquish jurisdiction over that portion of land within the 1972 OAA. The land subject to the new Orderly Annexation Agreement is depicted in Exhibit 2 and described in Exhibit 3.
11. **Urban Expansion Area.** The City supports the re-zoning of the Urban Expansion Area that lies east of Vergus Avenue and is outside of this OAA, to Rural Residential and encourages the County to revise its Comprehensive Plan and Zoning Ordinance promptly in 2005 to reflect this change. For properties located outside this OAA which become adjacent to the City's boundary by virtue of annexation, the Township Board will support any annexation petition by the property owner.
- 11.1 **Vergus Avenue.** The City agrees it will not initiate an annexation of property that lies south of TH13 and east of Vergus Avenue.
12. **Spring Lake Township Parks.** As part of this OAA, the City agrees to develop the parks located on Raymond Avenue and South Shore Drive at its cost. Each park shall contain a play structure and a picnic shelter. The City shall include these park improvements in its Capital Improvement Program. The park improvements, weather permitting, will be completed by December 31, 2009. Upon notice from the City that the City Council has approved plans and specifications and authorized advertisement for bids, the Township will transfer to the City title to the property at no cost to the City for the property acquisition. In order to comply with the public purpose document, before the City lets a contract for the construction of the park, the City must hold title to the property. The City will assume all costs associated with transferring title.
13. **Termination.** This OAA terminates on December 31, 2025.

- 14. **Severability.** The provisions of this Orderly Annexation Agreement are severable. If any provision herein is, for any reason, held by a court of competent jurisdiction to be invalid, contrary to law, or unenforceable, such decision shall not affect the remaining provisions of this Orderly Annexation Agreement.
- 15. **Amendments.** Any amendment to this Joint Resolution shall be adopted pursuant to the process and laws governing and applied to the adoption of this Joint Resolution. This Joint Resolution may not be unilaterally amended by action of the governing body of either the Township or the City. Amendment of this Joint Resolution will require an approval of each governing body.
- 16. **Headings.** Headings are included solely for the purpose of reference. The language in a heading shall not be interpreted as a substantive provision of this OAA.

Adopted by the City Council of the City of Prior Lake, Scott County, Minnesota this 21<sup>st</sup> day of July, 2003.

|          | YES |          | NO |
|----------|-----|----------|----|
| Haugen   | X   | Haugen   |    |
| Blomberg | X   | Blomberg |    |
| LeMair   | X   | LeMair   |    |
| Petersen | X   | Petersen |    |
| Zieska   | X   | Zieska   |    |

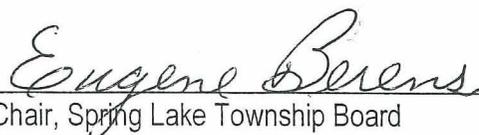


Frank Boyles, City Manager

Adopted by the Board of Supervisors of Spring Lake Township, Scott County, Minnesota this 14<sup>th</sup> day of August, 2003.

MOTION BY: Pierson SECOND BY: Berens

|          | YES | NO |
|----------|-----|----|
| Berens   | X   |    |
| Henschel | X   |    |
| Pierson  | X   |    |



Chair, Spring Lake Township Board

This instrument was drafted by:  
 City of Prior Lake  
 16200 Eagle Creek Avenue SE  
 Prior Lake, MN 55372

EXHIBITS

**Exhibit 1** - Orderly Annexation Agreement dated November 20, 1972 by and between Spring Lake Township and the City of Prior Lake.

**Exhibit 2** - Map of land areas to be annexed to the City of Prior Lake and the dates of annexation pursuant to this agreement.

**Exhibit 3** - Legal description of each of the lands to be annexed by the City of Prior Lake pursuant to this agreement.

**Exhibit 4** - Construction and Maintenance Agreement dated March 15, 1999 by and between the City of Prior Lake and Spring Lake Township for sewer and water improvements.

REC'D BY  
MMB

SEP 16 2003

NOV 22 1972

JOINT RESOLUTION AS TO ORDERLY ANNEXATION:

SPRING LAKE-PRIOR LAKE

Whereas, the Municipal Commission of the State of Minnesota presently has before it for hearing and consideration the matter of annexing certain portions of Spring Lake Township to the Village of Prior Lake; and

Whereas, the Township of Spring Lake and the Village of Prior Lake are parties to the said hearing; and

Whereas, there is a basis for agreement between the parties to this action upon which the matters presently before the Minnesota Municipal Commission can be settled, and the municipal parties hereto desire to set forth such terms of settlement by means of this resolution,

Now, Therefore, Be It Resolved by the Township of Spring Lake and the Village of Prior Lake, as follows:

1. That the following described area in Spring Lake Township is properly subject to orderly annexation under and pursuant to Minnesota Statutes 414.032, and the parties hereto do hereby designate this area as in need of orderly annexation as provided by statute:

Sections 1, 2, 3, 4, 9, 10, 11, 12 and the  
 East 1/2 of Sections 5 and 8 (Township 114,  
 Range 22 West) all in Spring Lake Township,  
 Scott County, Minnesota.

*original  
attached*

That the Township of Spring Lake does upon the passage of this resolution and its adoption by the council of the Village of Prior Lake, confer jurisdiction upon the Minnesota Municipal Commission so as to accomplish said orderly annexation in accordance with the terms of this resolution.

2. No annexations will take place anywhere within the area designated as in need of orderly annexation unless the area involved is or is about to become urban or suburban in character and unless the city has available and is capable of providing municipal services such as water, sanitary sewers and storm sewers.

3. Any persons annexed to the village pursuant to this agreement shall receive a "tax break" consisting of a staged graduated increase in mill rates from the Town rate to the Village rate over a three to five year period depending on the length of time necessary to provide full municipal services to the area annexed.
4. The Town will not object to the annexation during the next year of those remaining portions of Sections 1 and 2 which are not currently a part of the village and of that portion of Section 3 which lies south of the lake of Prior Lake and east of the public access road also known as First Street including the lake and the islands therein. Subject to Number 8 and 9 below, the Village agrees not to attempt any annexations of any property within the remainder of Section 3 or Sections 10 and 11 for a period of at least four years.
6. Subject to Number 8 and 9 below, the Village agrees not to attempt any annexations of any property within Sections 4 and 9 or the east  $\frac{1}{4}$  of Sections 5 and 8 for a period of at least eight years from the date of the agreement.
7. Because of the uncertainty over whether or when development might occur within Section 12, both parties agree to leave the question of annexations within this area to the discretion of the Minnesota Municipal Commission.
8. If sanitary sewer collection systems must be constructed within the above described orderly annexation area because of orders from the Pollution Control Agency or requests from landowners or otherwise, both parties agree to leave the extension of village boundaries to include the sewered areas to the discretion of the Minnesota Municipal Commission. This exception is granted only in order that the village would be enabled to lay any necessary water pipes or storm sewers at the same time that the sanitary sewer collection system is constructed.
9. When and if construction begins on the Metropolitan Sewer Board Prior Lake Interceptor, the village may apply to the commission for the extension of its boundaries to include the shoreline of the lake of Spring Lake out to 300 feet beyond the surrounding roads. The purpose of this exception is to allow construction of the sanitary sewer collection system which will be connected to the interceptor when it reaches the village. The village agrees to defer any assessments for this trunk sewer system and other municipal improvements against any

agricultural land involved for as long as it remains agricultural. The Village further agrees to construct a sanitary sewer collection system around that part of the lake of Prior Lake that is within its boundaries which system will also be connected to the Interceptor when it reaches the Village.

10. Both parties agree to work jointly to secure federal grants-in-aid and Metropolitan Sewer Board approval for sewer extensions to this area.
11. The Town agrees to exclude the area designated as in need of orderly annexation from its zoning and subdivision ordinances if the county will agree to exclude the area from its zoning regulations. This would enable the Village to extend the application of its zoning and subdivision regulations pursuant to Minnesota Statutes 462.358 and 359. The Village agrees that if it obtains this extraterritorial planning power it will select two township residents to serve on its planning commission from among four residents nominated by the town board.

If the county does not agree to the above arrangement both parties agree to establish a joint planning and zoning committee for the orderly annexation area and to abide by its decisions. This committee shall consist of one appointed representative of the Town Board, one representative appointed by the Village Council and a neutral member to be appointed by the Scott County Board of Commissioners.

12. The effect of annexations on population shall be resolved whenever possible by agreement of the parties. If there is failure to reach such an agreement, the question shall be resolved by the Minnesota Municipal Commission at the hearing and the determination shall be included in the Commission order.
13. In all annexations within the orderly annexation area the parties agree to the following division of financial assets and obligations:

- a. Property Taxes

The real estate tax income for the year in which the annexation takes place shall be divided on the basis of the decimal fraction of the assessed value of the area to be annexed as opposed to Spring Lake Township's assessed valuation as a whole. This ratio would be

further modified by the proportion of the year remaining in which the annexation takes place. For example: If the area to be annexed consisted of 30% of the Township's total assessed valuation and 8 months were remaining in the year at the date of the annexation, the amount of property tax revenue forwarded to the Village would be 30% times 8/12 or 20% of Spring Lake's total real estate tax revenues for the year during which the annexation takes place.

The Town agrees to forward the indicated amount of tax revenue due to the Village within 15 days of the annexation order. The Town would then retain all rights to receive these tax funds as they become payable from the county treasurer, thereby reimbursing itself for any payments to the village.

b. Per Capita Aids

The Municipal Commission will determine the ratio of the population annexed to the total population of the Town on the date of its order. This ratio will be further modified by the proportion of the year remaining in which the annexation takes place (as explained above with regard to Property Taxes).

The County Auditor will apply this modified ratio to all quarterly or other subsequent payments of state per capita aids to the town and divide the payment accordingly.

Per capita Aids received by the town in the year of annexation, prior to the date of annexation, would be shared by the same modified ratio as explained above.

Unless and until the entitlement of the town to federal revenue sharing aids is adjusted pursuant to federal regulations relating to boundary changes (31 CFR Sec. 51.23); the town

agrees to apply the above determined modified population ratio to any federal revenue sharing checks received and to forward the Village portion within 15 days of receipt of the funds.

c. Dedicated Road or Park Funds

If any annexations involve locations which entail dedicated road or park funds, these funds and their administration will be turned over to the Village within 15 days after the date of the annexation order.

If any annexations involve locations which entail accounts receivable to be collected in the future as special road assessments, such funds will be forwarded by the Village to the Town.

d. Town General Fund and Other Assets

The village agrees not to apply for any division of the Town's General Funds or other assets.

- 14. Unless and until a further orderly annexation agreement is negotiated; the Village agrees not to attempt any further annexations within Spring Lake Township for a period of 15 years from the date of the agreement unless there is a unanimous petition of the landowners involved.
- 15. Both parties agree to dismiss the pending annexation petition (Minnesota Municipal Commission File No. A-2148).

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TOWNSHIP OF SPRING LAKE

Passed and adopted by the Township of Spring Lake this

16th day of November, 1972

Attest: Francis Mueller  
Township Clerk

By: William W. Hill  
Its Chairman

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VILLAGE OF PRIOR LAKE

Passed and adopted by the Village of Prior Lake this 20

day of November, 1972.

Attest: W. W. Hill  
Village Clerk

By: William W. Hill  
Its Mayor

AMENDMENT TO  
ORDERLY ANNEXATION AGREEMENT

THIS AGREEMENT made as of this 11th day of April, 1991, by and between the CITY OF PRIOR LAKE, a Minnesota municipal corporation ("City"), and SPRING LAKE TOWNSHIP, a Minnesota political subdivision ("Township").

RECITALS

WHEREAS, City and Township are parties to a Joint Resolution as to Orderly Annexation dated November 20, 1972, ("Existing Agreement"); and

WHEREAS, City and Township desire to amend said Existing Agreement only as it applies to the following described property ("Subject Property"):

That part of the West Half of the Northeast Quarter of Section 11, Township 114, Range 22, lying northeasterly of the center line of Mushtown Road, Scott County, Minnesota, consisting of approximately 69.82 acres (see Annexation Site attached hereto as Exhibit "A").

NOW, THEREFORE, the parties agree as follows:

1. The parties agree that the Subject Property shall be detached from the Township and annexed to the City pursuant to a Joint Resolution attached hereto and incorporated herein as Exhibit "B".

2. The real estate taxes payable on the Subject Property in 1991 shall be retained by the Township. In consideration of the loss of future taxes, on or before December 31, 1991, the City shall pay the Township \$8,000.00.

3. The City shall maintain, at no cost to the Township, the segment of Mushtown Road contained in the North Half of Section 11, Township 114, Range 22. Maintenance includes, but is not limited to, tree trimming, surfacing with crushed limestone, signing, dust control, and snow plowing. The Township shall, however, be responsible for grading. Before the City allows any driveways or street access from the Subject Property onto Mushtown Road, the City shall overlay with a bituminous surface that part of Mushtown Road described above that is currently surfaced with gravel. The design for the improvement shall be determined by the City. The Township shall reimburse the City its cost to overlay that section of Mushtown Road in the Township. The payment to the City shall be due, without interest, eight (8) years after the overlay has been completed. If, however, the City annexes that segment of roadway into the City before the reimbursement payment is due, no reimbursement shall be required. The required reimbursement, if any, shall not exceed \$8,000.00.

4. If subsequent to the initial overlay improvement required to be constructed by the City pursuant to paragraph 3 above the parties determine that another improvement project is necessary, and if at that time the segment of roadway to be improved lies in part in the City and in part in the Township, the parties shall negotiate a joint powers agreement to construct the improvement. The agreement shall provide that the Township shall assess the benefitted property in the Township to the extent of benefit. To the extent that the special assessments are collected, the Township shall reimburse the City.

5. The City shall allow unconditional driveway access from each building site in the Township onto that segment of Mushtown Road within the City or maintained by the City. If the Township approves construction of a new roadway that intersects with the segment of Mushtown <sup>Road</sup> Board in the City, the design of the intersection must be approved by both the City and the Township.

6. Within thirty (30) days after both parties have signed this Agreement, the City shall reimburse the Township its costs incurred in negotiating this Amendment in an amount not to exceed \$1,500.00 (said sum including Township's attorney's fees incurred).

7. Except as herein specifically provided, all other terms, conditions, and/or provisions of the Existing Agreement remain in full force and effect.

CITY OF PRIOR LAKE

BY: \_\_\_\_\_  
Its Mayor

AND \_\_\_\_\_  
Its City Manager

SPRING LAKE TOWNSHIP

BY: \_\_\_\_\_  
Its Chairperson

AND \_\_\_\_\_  
Barbara Kane Johnson, Clerk

REC'D BY  
MMB

SEP 16 2003

STATE OF MINNESOTA )  
                          ( ss.  
COUNTY OF SCOTT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1991, by Lydia Andren and David  
Unmacht, respectively the Mayor and City Manager of the City of  
Prior Lake, a Minnesota municipal corporation, on behalf of the  
corporation and pursuant to the authority granted by its City  
Council.

---

NOTARY PUBLIC

STATE OF MINNESOTA )  
                          ( ss.  
COUNTY OF SCOTT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1991, by \_\_\_\_\_ and  
Barbara Kane Johnson, respectively the Chairperson and Clerk of  
Spring Lake Township, a Minnesota political subdivision, on its  
behalf and pursuant to authority granted by its Town Board.

---

NOTARY PUBLIC

DRAFTED BY:  
Campbell, Knutson, Scott  
& Fuchs, P.A.  
3460 Washington Drive, Suite 202  
Eagan, Minnesota 55122  
(612) 456-9539  
RNK:srn

EXHIBIT "B"

IN THE MATTER OF THE AMENDMENT TO THE  
JOINT RESOLUTION FOR ORDERLY ANNEXATION  
BETWEEN THE CITY OF PRIOR LAKE  
AND SPRING LAKE TOWNSHIP, MINNESOTA  
PURSUANT TO MINNESOTA STATUTES 414.0325, SUBD. 1

TO: Minnesota Municipal Board  
165 Metro Square Building  
St. Paul, Minnesota 55101

Pursuant to an Amendment to Joint Resolution as to Orderly Annexation between the City of Prior Lake ("City") and Spring Lake Township ("Township"), the City and the Township hereby jointly agree that the Joint Resolution as to Orderly Annexation between the City and the Township be amended with respect to the following described property, to include the following:

Both the City and the Township agree that no alteration of the stated boundaries of the Joint Resolution as to Orderly Annexation between the parties dated November 20, 1972, is appropriate. Furthermore, both parties have entered into an Amendment to the existing Agreement made as of \_\_\_\_\_, 1991. Both parties agree that no consideration by the Minnesota Municipal Board ("Board") is necessary. Upon receipt of this Resolution, the Board may review and comment, but shall, within 30 days, order the annexation of the following described property in accordance with the terms of the amendment to the Joint Resolution:

THAT PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 114, RANGE 22, SCOTT COUNTY, MINNESOTA, LYING NORTHEASTERLY OF THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF MUSHTOWN ROAD, CONSISTING OF APPROXIMATELY 71 ACRES.

Approved by the City of Prior Lake this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Manager

Approved by Spring Lake Township this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Clerk

Exh. 4

**CONSTRUCTION AND MAINTENANCE AGREEMENT**  
**FOR SANITARY SEWER AND WATER**

REC'D BY  
MMB SEP 16 2003

THIS AGREEMENT is entered into this 14 day of August, 2003 by and between **Spring Lake Township**, a political subdivision of the State of Minnesota (hereinafter "Township"), and the **City of Prior Lake**, a municipal corporation (hereinafter "City"), for the construction and maintenance of a sanitary sewer and water facility to serve certain areas in the vicinity of Spring Lake, Scott County, Minnesota, and provides as follows:

**RECITALS**

- WHEREAS,** The City and Township desire to cooperate to provide sewer and water to that certain portion of property in Spring Lake Township legally described in Exhibit A (referred to hereinafter as the "Vergus Area"), which is incorporated herein as if fully set forth; and
- WHEREAS,** property(ies) in the Vergus Area have a high percentage of failing and noncompliant on-site septic systems; and
- WHEREAS,** the Vergus Area lies within an Orderly Annexation Area designated in an Order Annexation Agreement adopted and approved by the Township of Spring Lake on November 16, 1972 and the Village of Prior Lake on November 20, 1972; and
- WHEREAS,** subject to the provisions of said Orderly Annexation Agreement, attached as Exhibit B, which Exhibit B is incorporated herein as if fully set forth; and
- WHEREAS,** the extension of sewer and water to the Vergus Area is intended to address an immediate environmentally sensitive problem; and
- WHEREAS,** the extension of sewer and water to the Vergus Area is not intended to encourage or facilitate new development; therefore, the Township and City have agreed to limit the density of future development within the Vergus Area.

**NOW, THEREFORE,** in consideration of the mutual promises and covenants set forth herein, and for such good and valuable consideration, the sufficiency of which is not disputed, the City of Prior Lake, Spring Lake Township, and the Metropolitan Council agree as follows:

1. **Definitions.** As they are used in this Agreement, the following terms shall have the meaning given to them in this Section:
  - City shall mean the City of Prior Lake, Minnesota, a Minnesota municipal corporation.
  - Township shall mean the Township of Spring Lake, Scott County, Minnesota.
  - County shall mean Scott County, Minnesota, a Minnesota municipal corporation.
  - Connection Unit shall mean a residential or commercial building connection to the Facility system or any independent sanitary sewer and water service line that would utilize the Facility.
  - Facility shall mean the sanitary sewer, including lift stations, and water facilities to be constructed by the Township and connected to City utilities to serve the service area legally described and depicted in Exhibit A.

Metropolitan Council shall mean the agency created by Minnesota Statutes §473.123.

Parties shall mean the City of Prior Lake and Spring Lake Township.

2. **Purpose.** The City and Township desire to provide an environmentally sensitive and responsible solution to the problem of non-compliant and failing septic systems on certain properties located in the Vergus Area. Non-compliant septic systems are one factor resulting in an environmental threat to Spring Lake which flows directly into Upper Prior Lake. Consequently, the waters of Upper and Lower Prior Lake are threatened if contaminated from the non-compliant septic systems pollute Spring Lake. Connecting the properties with non-compliant or failing septic systems to municipal sewer and water will protect Spring Lake, Upper and Lower Prior Lake and preserve the property value of the homes in the area served by the municipal facilities.

The City and Township desire to enter into this Agreement whereby the City will provide the Township with limited sanitary sewer and water capacity. The Vergus Area served by the Facilities provided pursuant to this Agreement will be limited to maintain development densities consistent with the Metropolitan Council's Blueprint 2030 as may be revised or amended from time to time. This limitation will be implemented by limiting the number of Connection Units permitted to connect to the Facility.

2.1 **Recitals.** The recitals set forth above are incorporated herein as if fully set forth.

2.2 **Exhibits.** Exhibits A and B referred to in the Recitals above are incorporated by reference into this Agreement as if they were fully set forth herein.

3. **Fees.** As part of the consideration for permitting the Township to connect the Facility to the City's sanitary sewer and water pipes, the Township shall pay the following City fees:

City SAC and WAC per Connection Unit;  
City Water tower fees per Connection Unit;  
City Sewer and Water Trunk Acreage Fees based on up to [80] Connection Units x [12,500 square feet].

3.1 **Amount of Fee.** The amount of the City fees shall be the same fee as that fee adopted by the City Council and in effect citywide at the time the fee is required to be paid.

3.2 **Metropolitan Council Reserve Capacity Charges.** In addition to the City fees set out above, the Township shall pay directly to the Metropolitan Council all Reserve Capacity Charges in the form of Service Availability Charges ("SAC") as determined by the Metropolitan Council.

3.3 **Payment of Fees Required.** All fees set forth in this Paragraph 3 for those connection units utilizing the system at the date of completion shall be paid within 30 days by the Township to the City of Prior Lake.

4. **Preliminary Design.** The preliminary design of the Facility shall be in substantial accord with the design outlined in the Preliminary Engineering Report of Schoell & Madson prepared by Lee Koppy and dated March 21, 2002. A copy of this Preliminary Report is incorporated by reference hereto as Exhibit C.

5. **Plans and Specifications.** Prior to the commencement of construction of the Facility, it shall be the obligation of the Township to provide to the City plans and specifications for the Facility, prepared by a professional engineer licensed by the State of Minnesota. Such designs shall be in accordance with the requirements of the City Public Works Design Manual, incorporated by reference herein. The City shall have the right to review and approve the plans and specifications for the Facility, said comments to be received within fifteen (15) business days after submission of a complete set of the plans and specifications to the City. The plans and

specifications also shall be submitted by the Township to the Prior Lake/Spring Lake Watershed District, Metropolitan Council, the Minnesota Department of Health and Minnesota Pollution Control Agency for review and comment.

5.1 **Change Orders.** Any Change Orders during construction shall be submitted to the City Engineer at least five (5) business days prior to approval by the Township. If the City Engineer fails to comment on the proposed change order prior to such time as the Change Order is before the Township Board for consideration, the City shall be deemed to have concurred in the Change Order. In no event shall the City be liable in any manner for construction delays which may occur as a result of a Change Order or the City's response thereto.

6. **Necessary Approvals and Rights-Of-Way.** Prior to the commencement of construction of the Facility, the Township shall have commenced quick take proceedings to acquire necessary right-of-way or have obtained construction easements and other necessary approvals for right-of-way from persons and entities owning land or rights in land across which the Facility will be constructed.

Prior to connection of the Facility to the City, the Township will apply for, satisfy and receive all approvals and conditions required by the Metropolitan Council [including but not limited to an amendment to their Comprehensive Plan and a Tier 1 and Tier 2 Comprehensive Sewer Plan.

6.1 **Permits.** Prior to the commencement of construction of the Facility, the Township must obtain and provide copies to the City of necessary permits from the Prior Lake/Spring Lake Watershed District; the Minnesota Department of Health for watermain extension/construction; Scott County for utility and driveway permits; and the Minnesota Pollution Control Agency for sanitary sewer extension/construction. A copy of the Minnesota Pollution Control Agency permit application for sanitary sewer extension/construction shall also be forwarded to the Metropolitan Council.

7. **Inspection During Construction.** It shall be the obligation of the Township to provide for full-time construction observation and testing of the Facility during its construction by inspection personnel under the direction of a professional engineer licensed in the State of Minnesota in order to ensure that the construction comports with the plans and specifications described in Paragraph 5 of this Agreement.

7.1 The City may, at sole discretion and cost, provide construction observation personally during the construction of the Facility.

8. **Costs.** The cost of all aspects of the design, construction and construction observation and testing of the Facility shall be borne by the Township.

8.1 **Oversizing Costs.** The City may require the Township to design, construct and provide construction observation of the Facility to include oversizing, overdepth and extension of the Facility to accommodate future expansion. All reasonable costs associated with oversizing, overdepth or expansion shall be the responsibility of the City.

8.2 **Lakeview Drive.** The street reconstruction costs for Lakeview Drive shall be born solely by the Township.

9. **As-Built Drawings.** Within three (3) months of completion of the Facility, the Township shall provide As-Built Drawings, certified by a professional engineer licensed in the State of Minnesota, to the City and the Metropolitan Council and shall retain a copy of the same in the records of the Township. The Township shall also submit the As-Built Drawings in electronic format to the City in a format compatible with the City's current software. If the As-Built Designs indicate that the Facility as constructed is not substantially in conformance with the City Public Works Design Manual and the approved plans and specifications and all modifications

thereof, the City shall notify the Township in writing of the alleged deficiencies. The Township Engineer and the City Engineer shall meet to determine whether such lack of conformity with the Design Manual or approved plans and specifications is, in their professional opinion, substantial and whether the alleged deficiency will adversely affect the City sanitary sewer and water systems. Minor deviations may be waived by the City. The City will not unreasonably withhold waiving a minor deviation if the nature of the deviation will not adversely affect the Facility and City systems. If it is determined that any nonconformity is substantial and may, if not corrected, adversely affect the Facility or the City system, the Township shall, after notice, promptly make the corrections to the system to bring it into conformity. If the Township fails after reasonable notice to make the corrections requested by the City, the City shall have the right to disconnect the Township Facility from the City's sanitary sewer and water pipes.

10. **Regional Limitations as Limitations on Township.** The Township recognizes that certain regional limitations in sanitary sewer capacity exist which might impact the capacity of sanitary sewer which shall be available for allocation to the Township in the future. As such, the number of individual connections to the Facility by the Township shall not exceed the number approved by the Metropolitan Council in the Townships Comprehensive Sewer Plan or eighty (80) Connection Units, whichever is smaller. Any increase in the number of Connection Units authorized to connect to the Facility shall require an amendment to this Agreement executed in writing by the parties.
11. **Reserved Capacity Charges.** The Township agrees to pay the Metropolitan Council reserve capacity charges (which presently takes the form of Service Availability Charges ("SAC")), or any statutory successor to such charges, pursuant to Metropolitan Council regulation and policy. Such payments will be made directly to the Metropolitan Council.
  - 11.1 **Future Connections.** All future Connection Units to the Facility shall be subject to the payment provisions in Paragraph 3 and this Paragraph. Such payments shall be made prior to actual connection to the Facility.
  - 11.2 **Payment of Metropolitan Council and City Fees.** Before the Facility is authorized to connect to the City, the Township shall pay: (1) the Metropolitan Council reserved capacity charges, at the then-prevailing rate, for the number of Connection Units connected to the Facility; and (2) the City SAC, WAC, Water Tower and Trunk acreage charges, at the then prevailing rate, for the number of Connection Units actually connected to the Facility.
12. **Notice to Parties.** The Township shall provide the City, with a copy to the Metropolitan Council, 30 days' written notice of properties to be connected to the Facility. The notice shall identify the owner, address and legal descriptions of the property(ies) to be added.
13. **Maximum Flow Permissible.** The Township shall be entitled to discharge from its sanitary sewer flow from up to, but not more than the number of Connection Units authorized in Paragraph 10 of this Agreement. The right to discharge sanitary sewage which the Township obtains under the terms of this Agreement, and the amount of capacity which the Township has the right to use is obtained exclusively by the Township for use by the properties identified, and no portion, allotment, apportionment or share of the rights so obtained by the Township may be assigned, allocated by the Township to any property outside of the service area depicted in Figure 3 of Exhibit B.
14. **Blueprint 2030.** The Township will not request and the City will not consent to any increase in Connection Units, above the eighty (80) provided for in this Agreement, if such an increase would permit development densities that are inconsistent with the Metropolitan Council's Blueprint 2030 incorporated by reference herein.

15. **Ownership of the Facility.** Upon completion of the Facility, the Township shall retain all right, title and interest in and to all portions of the Facility which lie within the Township.

15.1 **Transfer of Ownership.** Once the bonds to fund construction of the Facility are fully satisfied and the Area(s) served by the Facility are annexed to the City, ownership of the Facility shall transfer to the City.

16. **Annexation.** The City agrees not to initiate or support annexation proceedings involving any properties served by the Facility or until all bonds issued to fund the Facility have been paid in full. Twenty (20) years is the projected term of debt instruments associated with the financing of the Facility.

17. **Use, Monitoring and Maintenance of the Facility.** The Parties agree that the following actions are necessary to monitor and maintain the Facility and its use:

17.1 **Township Ordinance. Metropolitan Council Rules.** The Township will continue to enforce an Ordinance which supplements and aids the enforcement of the Waste Discharge Rules of the Metropolitan Council, but which will not preempt those Rules. It is the express agreement of the Parties that the Waste Discharge Rules of the Metropolitan Council (including the Metropolitan Council's strength discharge provisions) shall apply to users of the Facility within the boundaries of the Township. The use of the Facility shall be in all respects consistent with the provisions of the Permit for the Construction and Operation of a Disposal System, issued to the Township by the MPCA.

**Prior Lake City Code and Township Ordinance.** In a previous Agreement between the City and Township to provide sanitary sewer and water to the South Shore Drive Area of Spring Lake Township, the Township adopted Ordinance Nos. 99-3 and 00-2, attached hereto and incorporated collectively as Exhibit D, to incorporate Section 704 and 705 from the Prior Lake City Code, attached hereto and incorporated herein as Exhibit E.

Any future amendments to the Prior Lake City Code relating in any manner to sanitary sewer or water, which apply to City residents, shall also apply to Township residents served by the Facility. The City shall provide the Township Clerk with notice of any such Code provisions. Upon receipt of notice from the City, the Township shall provide to its residents served by the Facility notice of said Code provisions. The Township shall be responsible for enforcement of said City Code provisions for its residents connected to the Facility. Failure to enforce said Code provisions shall be considered a breach of this Agreement.

17.2 **Sump Pumps.** No roof runoff, sump pump, subsurface or surface water drainage shall be connected to the sanitary sewer. All sump pump discharge systems shall have a permanently installed discharge line, which shall not at any time discharge clear water into the sanitary sewer system. The sump pump discharge system shall consist of a rigid discharge line, without valving or quick connections for altering the path of the discharge.

17.3 **Access For Inspections.** The Township will grant access at reasonable times and upon reasonable notice to the City and the Metropolitan Council to its sanitary sewer and water hookup records in order to permit the City and the Metropolitan Council to verify that all City Charges and the Reserved Capacity Charges paid by the Township are accurate.

17.4 **Metering.** The Township agrees to:

- 1) Furnish and install a Hexagram Star System data collector unit of a type exactly as the City currently uses, and at a location approved by the City.

- 2) Require the installation of City approved water meters, pressure reducers and appurtenant meter reading equipment at each residence connecting to the system. The meters and appurtenant equipment shall be purchased from the City at the prevailing rate at the time of purchase detailed in the City Fee Schedule. All water meters are to be installed by City of Prior Lake personnel.

17.4.1 Payment. The City shall individually bill the Township residents based on the flow reported by the meter reading equipment at the prevailing City sanitary sewer, water and capital facility charge rates in effect at the time. The City currently provides bi-monthly billing, but reserves the right to change the billing schedule at the City's discretion. The bills will itemize the usage. Payment to the City shall be prompt.

A. Delinquent Payment.

In the event that a Township resident is delinquent in the payment of their water and sewer bill, the water service shall be subject to shutoff by the City and remain disconnected until payment in full is received by the City, including all shutoff fees.

B. Final Bills.

If a final bill remains unpaid by a former Township resident who has moved, the bill shall be paid by the Township.

17.5 **Maintenance of the Facility**. The City shall be responsible for all regular ongoing maintenance of the system at the same level as other facilities within the City, and as reflected in the fee charged for services. The Township shall be responsible for any replacement or repair to the system beyond regular maintenance. Regular sanitary sewer maintenance means jetting every 3 years. Regular watermain incontinence means the City shall provide semi-annual watermain flushing and minor repairs to fire hydrants. In the event of water or sewer main breaks, the Township shall notify the City immediately of the situation. Service requests and complaints shall be received and handled by the Township. The City may, on occasion, at its discretion and upon the request of the Township provide maintenance service, over and above that identified herein, to the Facility on a fee for service basis. If the City agrees to provide service, the scheduling thereof is at the discretion of the City.

17.5.1 Definition of Routine Sewer and Water System Maintenance. Routine maintenance is limited to a bi-annual jetting and flushing, watermain and sewer main repairs within the road right-of-way and/or permanent utility easements, and routine maintenance of the lift station pumps and controls. Backups, leaks, or any sewer or water problems within the customer's house or below their property are the customer's responsibility. Specifically excluded from the definition of routine maintenance is bituminous street patching caused by water or sewer main repair, which is deemed the Township's responsibility, and total replacement of the lift station pumps and/or controls when necessary, which are both the responsibility of the Township. In the case of water or sewer main repair, the City will repair the roadway so that it is usable until such time as bituminous repairs can be made by the Township.

18. **Service**. The City shall provide regular and uninterrupted service except for periods of regular maintenance, and except for events not within its control including, but not limited to equipment failure, flood, natural disasters, or other natural events beyond the control of the City, which includes actions of the Metropolitan Council.

18.1 It is understood by the Parties, however, that the City retains the right to shut off service in accordance with its policy in emergency cases.

19. **Remedies For Breach, Payment or Service.**

19.1 By Township. In the event the Township breaches the provisions of this Agreement setout in Paragraphs 3, 10, 11.1, 13, 14 or 17 the City shall provide the Township with written notice of the breach and provide the Township with thirty (30) days to cure the breach. Failure to pay charges due to the City shall be considered a breach of this Agreement. If the Township fails to cure the breach within the time specified, the City may disconnect the Facility from the City sanitary sewer and water pipes. This in no way limits the City from pursuing other remedies available to it at law or equity.

19.2 By City. In the event the City breaches the provisions of this Agreement setout in Paragraphs 17.5 or 18 the Township shall provide the City with written notice of the breach and provide the City with thirty (30) days to cure the breach. If the City fails to cure the breach within the time specified the Township may seek injunctive relief, including costs, disbursements and attorneys fees to bring said action. This in no way limits the Township from pursuing other remedies available to it at law or in equity.

20. **Remedies.** Each right, power or remedy herein conferred upon the City and the Township are cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to City or Township at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the City or the Township and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy.

21. **Notice.** Notice provided under this Agreement shall be in writing, signed by the officers signatory to this Agreement or their successors and shall be sent by Certified Mail, Return Receipt Requested, to the Parties at the following addresses:

To the Township:           Spring Lake Township  
                                  15870 Franklin Trail SE, #104  
                                  Prior Lake, Minnesota 55372  
                                  ATTN: Town Clerk

To the City:                 16200 Eagle Creek Avenue S.E.  
                                  Prior Lake, Minnesota 55372-1714  
                                  Attention: City Manager

22. **Hold Harmless And Indemnification.** The Township of Spring Lake hereby indemnifies and holds the City harmless from any and all causes of action or claims arising out of or in connection with the Facility or this Agreement. The Township further agrees to indemnify the City against, and hold them harmless from those claims, liabilities, demands, damages, costs and expenses arising out of negligent or willful actions by the Township, its employees or residents which result in penalties imposed against the City, whether by federal, state or local governmental units, for violations of permits which are required for the City or the Metropolitan Council to continue operation of the sewer and water facilities to which the Township is connected.

The City of Prior Lake hereby indemnifies and holds the Township harmless from any and all causes of action or claims arising out of negligent or willful actions by the City in connection with services provided pursuant to this Agreement.

- 23. **Jurisdiction.** This Agreement shall be governed by the laws of the State of Minnesota.
- 24. **Successors And Assigns.** The rights, privileges and obligations of the Parties under this Agreement are intended to, and shall remain in full force and effect and shall bind any successor agencies or entities to which the authorities and obligations of the Parties may be assigned by law.
- 25. **Effective Date.** The Agreement shall be effective upon all of the following having taken place: (a) this Agreement having been approved by Resolution of the Township Board and by Resolution of the City Council and (b) this Agreement having been signed by all of the officers designated as signatories below.
- 26. **Administrative Fee.** The Township shall pay to the City an Administrative Fee equal to three percent (3%) of the lesser of the Design Engineer's Opinion of Probable Cost for construction of the Facility or the amount of the award of the bid for construction of the Facility. The Administrative Fee shall be paid to the City prior to connection of the Facility to the City sanitary sewer and water pipes.
- 27. **Material Provision.** Unless otherwise specifically provided within a specific paragraph of this Agreement, every term provision, covenant and proviso shall be construed as a "material provision."
- 28. **Recording.** This Agreement shall be recorded against all properties in the service area depicted in Figure 3 of Exhibit B at the Township's sole cost and expense. The purpose of this recording provision is to insure that the owners of property in the service area depicted in Figure 3 of Exhibit B have notice that the number of Connection Units allowable under this Agreement is limited to the number authorized in Paragraph 10 of this Agreement. The existence and/or recording of this Agreement against a particular property is not intended to guarantee or entitle that a particular property will be connected to the Facility.
- 29. **Duplicate Originals.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first hereinabove written.

**Spring Lake Township**

**City of Prior Lake**

By: Eugene Berens  
Its: Chair

By: Jack Haugen  
Jack Haugen, Mayor

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Frank Boyles  
Frank Boyles, City Manager

THIS INSTRUMENT WAS DRAFTED BY:  
Halleland, Lewis, Nilan, Sipkins & Johnson  
Pillsbury Center South, Suite 600  
220 South Sixth Street  
Minneapolis, MN 55402-4501

REC'D BY  
MMB

SEP 16 2003

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF SCOTT )

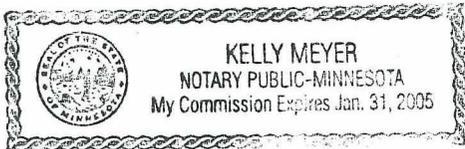
The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of September, 2003, by Eugene Berens and \_\_\_\_\_, the Board Chair and \_\_\_\_\_, respectively, of Spring Lake Township, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by the Township.



[Signature]  
Notary Public

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF SCOTT )

The foregoing instrument was acknowledged before me this 2<sup>nd</sup> day of September, 2003, by Jack Haugen and Frank Boyles, respectively the Mayor and City Manager of the City of Prior Lake, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.



[Signature]  
Notary Public

# PRIOR LAKE / SPRING LAKE ANNEXATION

EXHIBIT 2

City of Prior Lake



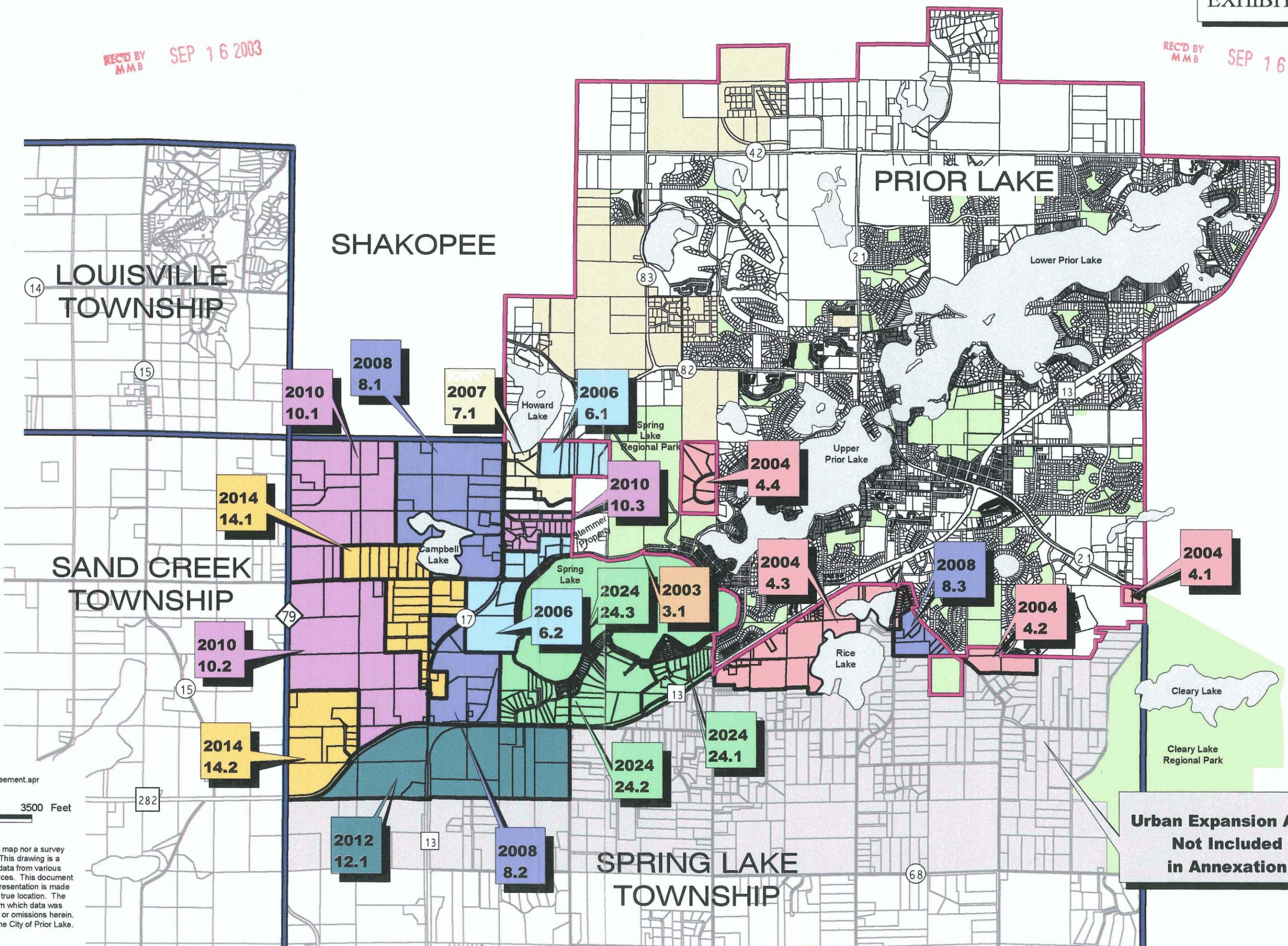
2003  
**PROPOSED ANNEXATION**

- City of Prior Lake
  - Township Boundary
  - Township Parcels
  - SMSC Property
  - Park / Recreation Area
  - Property Not Included in Annexation Area
- Annexation Areas**
- 2003
  - 2004
  - 2006
  - 2007
  - 2008
  - 2010
  - 2012
  - 2014
  - 2024

Year of Proposed Annexation  
Corresponding Section of Annex. Agreement

REC'D BY MMB SEP 16 2003

REC'D BY MMB SEP 16 2003



X:\Engineering\Annex\2003-annex-agreement.apr  
July 2003



This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information and data from various city, county and state offices and other sources. This document should be used for reference only. No representation is made that features presented accurately reflect true location. The City of Prior Lake, or any other entity from which data was obtained, assumes no liability for any errors or omissions herein. If discrepancies are found, please contact the City of Prior Lake.

**Urban Expansion Area Not Included in Annexation**