

MEMORANDUM OF UNDERSTANDING DELANO ICE PARK PROJECT

This Memorandum of Understanding ("MOU") is entered into, pursuant to the provisions of Minn. Stat. § 471.15-.16, on _____, 2022 by and between the City of Delano, a Minnesota municipal corporation (the "City"), Independent School District No. 879, a Minnesota public school corporation (the "School District"); Delano Area Sports Arena, Inc., a Minnesota nonprofit corporation ("DASA"), and Delano Area Youth Hockey Association, Inc., a Minnesota nonprofit corporation ("DAYHA"). DASA and DAYHA will be collectively referred to in this MOU as "Delano Hockey." The City, the School District, DASA, and DAYHA will be collectively referred to in this MOU as the "Parties."

RECITALS

- A. The School District is the fee owner of real property located in the City of Delano, Minnesota, legally described as Lot 1, Block 1, Delano Public Schools, identified by Wright County as PID No. 107123001010 (the "Property").
- B. The Property currently contains, among other school buildings and facilities, the Delano Area Sports Arena, which is a private ice rink facility owned and operated by DASA ("Ice Arena"). DASA leases from the School District the portion of the Property on which the Ice Arena is located.
- C. Approximately six years ago, the City's Park and Recreation Commission made the development of a publicly-accessible ice park a priority to address the lack of non-organized hockey and skating ice time in the City.
- D. For more than twenty years, Delano Hockey has been exploring the possibility of adding more ice to meet the needs of organized hockey in the Delano community and the broader region.
- E. To address the needs of both the City and Delano Hockey, and in collaboration with the School District, the Parties have agreed in concept on the development, construction, financing, operation and use of a recreational complex adjacent to the Ice Arena on a portion of the Property, to be known as the "Delano Ice Park" (the "Project"), with the following objectives:
 - 1. To provide access to ice and skating facilities for public use.
 - 2. To increase the quality and availability of ice time for the organized activities of Delano Hockey and School District hockey programs.

3. To provide additional ice recreation opportunities within the community, such as figure skating, curling, broomball, and other programs.
 4. To provide non-ice facilities for community and organized activities in the off-season when outdoor ice is not sustainable (May – September).
- F. The Parties now wish to enter into this MOU to define and detail the rights, obligations, and responsibilities for the Project.

NOW, THEREFORE, the Parties agree as follows:

I. Site Acquisition

- A. The Project is proposed to be located on the portion of the Property depicted on the attached Exhibit A, which currently contains the Ice Arena, and other facilities (the "Ice Park Parcel"). The School District will, by quit claim deed, convey the Ice Park Parcel and all buildings and facilities located thereon, including the Ice Arena , to the City at no cost. The Ice Park Parcel shall exclude the locker room building located on the Property.
- B. Conveyance of the Ice Park Parcel to the City will require subdivision of the Property before a deed to the City can be recorded. The City will be responsible for the subdivision, including all costs and expenses associated with the subdivision process. The School District will cooperate with the City to effectuate the subdivision.
- C. The deed to the City for the Ice Park Parcel will contain a restrictive covenant providing that future use of the Ice Park Parcel may only be for park purposes.
- D. The City and the School District will enter into the following agreements regarding the Ice Park Parcel:
 1. A purchase agreement providing for the purchase and sale of the Ice Park Parcel at a purchase price of \$1.00. The purchase agreement will provide that the City's obligation to close will be contingent on the City's sole satisfaction with the feasibility of the Project.
 2. A use agreement providing for priority School District use of the Project when school is in session.
 3. A joint access and parking agreement for the access roads and parking lots located on the Ice Park Parcel and the Property.

4. The City agrees to plow Tiger Drive through the campus as necessary to access the Ice Park.
- E. The City will assume the current lease for the Ice Arena between the School District and DASA.

II. Project Design and Construction

- A. In coordination with Delano Hockey, the City will lead the feasibility, design, and construction phases of the Project.
1. The City and Delano Hockey will form a committee to steer design activities and will jointly fund the feasibility and design phases as follows:
 - a) Costs for feasibility and design will be split equally between the City and Delano Hockey.
 - b) Delano Hockey will provide \$20,000 to the City up front for its portion of the feasibility and design costs. The City will invoice Delano Hockey for 50% of any additional amounts the City incurs above \$40,000.
 2. At the end of the feasibility and design phase, the final Project design shall be submitted to each party hereto for its review and approval. The City will make the determination, in its sole discretion, whether to proceed with the Project.
- B. The City will retain and contract with all consultants and contractors for the Project, including but not limited to architects, engineers, construction manager, and construction contractor(s), in accordance with the requirements of the Minnesota Uniform Municipal Contracting Law, Minn. Stat. § 471.345.
- C. Following the feasibility and design phase, the City and Delano Hockey will enter into one or more separate agreements that address the following:
1. Financing terms, which will include opportunities for Delano Hockey to contribute labor, materials, and/or services as part of its financial contribution.
 2. Construction timing and responsibilities.
 3. Delano Hockey's use of the Project, including hours of allocated time and responsibilities for operations.

III. Project Financing

- A. The anticipated total cost of the Project is \$4,000,000, which will be paid for with a combination of upfront cash, contributed services, and a tax abatement bond.
- B. The City will be responsible for 50% of the cost of the Project, anticipated to be allocated as follows:
 - 1. Upfront cash from the City's Park Dedication Fund and municipal liquor reserves (\$1,000,000).
 - 2. Repayment of bond financing (\$1,000,000).
- C. DAYHA will be responsible for 50% of the Project cost, anticipated to be allocated as follows:
 - 1. Cash and value of contributed services (\$600,000).
 - 2. Repayment of bond financing (\$1,400,000).
- D. The City will issue a tax abatement bond in the amount of up to \$2,400,000, repayment of which is allocated between the City and DAYHA as provided in subsections III.B.2 and III. C.2. Actual repayment amounts will include City financing costs and interest.

IV. Operations

- A. The City will own the Project. The City and Delano Hockey will enter into an agreement that will provide, in addition to other terms to be agreed upon by the parties, that:
 - 1. Delano Hockey will lease the Project from the City and provide staffing necessary to maintain and operate the Project.
 - 2. Available hours for the Project will be shared as follows:
 - a) When school is not in session, available hours will be equally shared 50/50 between the City for community use and Delano Hockey.
 - b) When school is in session, the School District shall have priority use of the Project. There will be no scheduled use by Delano Hockey and community access will be limited.

3. The City and Delano Hockey will each determine policies, fees, and scheduling during the times assigned to each of them under the agreement.
4. The City will be responsible for the operating costs of the Project related to a general community standard of operation (i.e., lights, utilities, etc.). Delano Hockey will be responsible for operating costs that exceed expectations for general community use. Examples of these excess costs might include, but are not limited to, extra ice resurfacing for practices, games, or tournaments; bleachers and scoreboards; concession stand materials and staffing, and extra locker room cleaning.

V. Commitments and Termination

- A. The Parties agree to proceed as outlined in this MOU. Execution of this MOU reflects each Party's binding commitment to the feasibility and design phase of the Project. This MOU does not bind future decisions, including the specific terms and conditions of agreements and commitments related to land acquisition, construction, bonding, and operations.
- B. The Parties anticipate entering into the following future agreements as described in this MOU:
 1. City and School District:
 - a) Purchase agreement for Ice Park Parcel
 - b) Operations and use agreement for the School District use of the Project.
 - c) Joint access and parking easements
 2. City and Delano Hockey:
 - a) Construction and financing agreement
 - b) Lease and operations agreement

The Parties will negotiate the terms and conditions of these agreements in good faith. These agreements shall be in final form prior to the parties' final approval of design under Sub section II (A)(2).

- C. A party may terminate its participation in this MOU and its involvement in the Project during and up to the City's determination to move forward with the

Project pursuant to Section II.A.2 by providing written notice to the other Parties, subject to the following:

1. If there has been an increase in Project costs of 10% or more than the original estimate or a change in the law that impacts a party's ability to meet the obligations of the Project, such as but not limited to the City's ability to use park dedication funds or municipal liquor revenue to fund the Project or a change in pull tab laws that impact Hockey's ability to fund the Project (each a "Significant Change"), a party may terminate with no additional financial obligation to the other Parties.
2. If there has been no Significant Change, a party that terminates after its approval of the final Project design under Section II(A)(2) hereof, must reimburse the other Parties for the actual costs incurred by those other Parties associated with the feasibility/design phase of the Project from the date of this MOU to the date of written notice of termination, including but not limited feasibility and design study costs, legal fees, engineering fees, and any fees paid to other consultants in connection with the feasibility/design phase.

VI. Miscellaneous

- A. Duration. This MOU will become effective the date first listed above and will remain in effect unless amended or terminated in writing signed by the Parties.
- B. Notice. Whenever any notice is required or permitted under this MOU, such notice must be in writing and will be deemed given when mailed, couriered, or emailed to the following address, or such other address as a party may specify:

If to the City: City of Delano
Attn: City Administrator
234 2nd St. N.
P.O. Box 108
Delano, MN
Email: pkern@delano.mn.us

If to the School District: Independent School District No. 879
Attn: Superintendent
700 Elm Ave E.
Delano, MN 55328
Email: matt.schoen@delanoschools.org

If to DASA:

Delano Area Sports Arena, Inc.

Attn: BRANDON Heinzen

654 Tiger Drive

P.O. Box 162

Delano, MN 55328

Email: Heinzen.BRANDON@gmail.com

If to DAYHA:

Delano Area Youth Hockey Association, Inc.

Attn: Board

654 Tiger Drive

P.O. Box 62

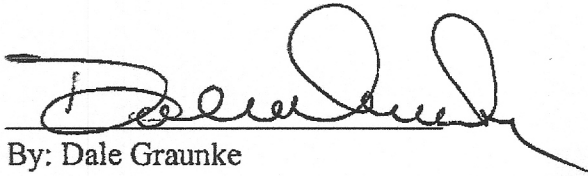
Delano, MN 55328

Email: dayha board@gmail.com

- C. Data Practices. DASA and DAYHA acknowledge that the City and the School District are subject to the requirements of the Minnesota Government Data Practices Act, Minn. Stat. ch. 13 ("Data Practices Act") and that all documents and other materials collected, created, received, maintained, or disseminated by the City or School District in connection with this Agreement may be subject to disclosure in accordance with the requirements and procedures of the Data Practices Act.

(signatures on following pages)

CITY OF DELANO

A handwritten signature in black ink, appearing to read 'Dale Graunke', written over a horizontal line.

By: Dale Graunke

Its: Mayor

A handwritten signature in black ink, appearing to read 'Paula Bauman', written over a horizontal line.

By: Paula Bauman

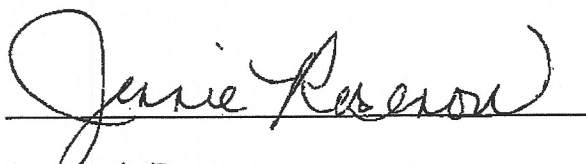
Its: City Clerk

INDEPENDENT SCHOOL DISTRICT NO. 879

A handwritten signature in cursive script, appearing to read "Rachel Depa", written over a horizontal line.

By: Rachel Depa

Its: Chair

A handwritten signature in cursive script, appearing to read "Jennie Resenow", written over a horizontal line.

By: Jennie Resenow

Its: Clerk

DELANO AREA SPORTS ARENA, INC.

Brendon Heinz

By: Brendon Heinz

Its: DASA President

DELANO AREA YOUTH HOCKEY ASSOCIATION, INC.

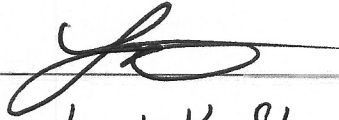

By: Levi Kraft
Its: President

EXHIBIT A
Depiction of Ice Park Parcel