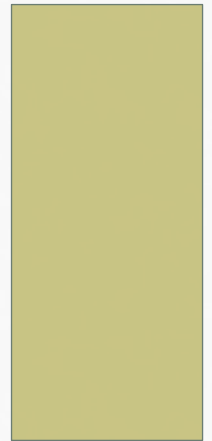




**2023 MACPZA  
SPRING CONFERENCE**  
June 1 - 2, 2023  
Arrowwood Resort & Conference Center - Alexandria  
2100 Arrowwood Lane NW, Alexandria, MN 56308

# FINANCIAL GUARANTEES

ANGIE BERG, STEARNS COUNTY



# OVERVIEW



# WHAT IS A FINANCIAL GUARANTEE?

- Financial security given to the County by the applicant to undertake and satisfactorily complete its obligations under an approval.



 **Mentimeter** QUESTION #1

Do you require financial guarantees?

# WHY REQUIRE FINANCIAL GUARANTEES?

*I Promise!*

**...but you don't  
have to take my  
word for it.**

# WHEN DID WE START REQUIRING FINANCIAL GUARANTEES?

Predatory mortgage lending, unregulated markets, the collapse of home prices and a massive amount of consumer debt.



## Mentimeter QUESTION #2

What types of financial guarantees do you allow?

1. Cash Escrow
2. Letter of Credit
3. Bond
4. Other

# CASH ESCROW

## ESCROW AGREEMENT

**BETWEEN STEARNS COUNTY AND** \_\_\_\_\_

This Escrow Agreement is made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the County of Stearns, a political subdivision of the State of Minnesota (the "County"), and \_\_\_\_\_, \_\_\_\_\_, with principal offices at \_\_\_\_\_ (the "Permittee"), to establish a cash escrow in accordance with the financial assurance requirements of the permit described below.

## **RECITALS**

**WHEREAS**, the County has issued Permittee a permit or approval for \_\_\_\_\_ on certain property described in the Permit (\_\_\_\_\_) a copy of which is attached hereto as **Attachment A** (the "Permit").

**WHEREAS**, the County requires, as a condition of the Permit, that Permittee provide and maintain financial assurance in the form of a letter of credit and/or a cash escrow for the purpose of ensuring that Permittee undertake and satisfactorily complete its obligations under the Permit.

**WHEREAS**, this Agreement documents that a cash escrow will be submitted by Permittee or on Permittee's behalf to fulfill the financial assurance obligations under the Permit and specifies the conditions and procedures under which the County will hold and may draw on the escrow.



**CASH IS  
KING**



# LETTER OF CREDIT

## Example

### IRREVOCABLE STANDBY LETTER OF CREDIT

Applicant/Developer

Issuer/Financial Institution

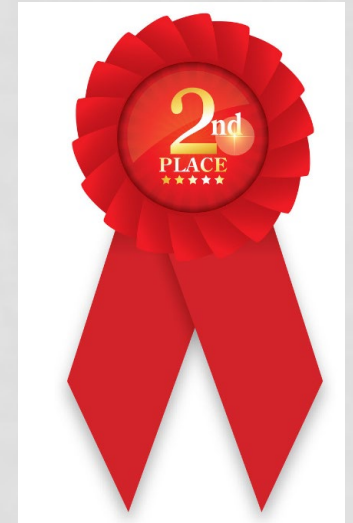
Beneficiary/County of Stearns

Dear Beneficiary/County of Stearns:

We hereby establish our Irrevocable Standby letter of Credit No. \_\_\_\_\_ in your favor, at the request and for the account of Applicant/Developer \_\_\_\_\_ up to the aggregate amount of \_\_\_\_\_ U.S. dollars \$ \_\_\_\_\_, available upon presentation of the following documents by an Authorized Stearns County Official, including the following individuals \_\_\_\_\_, to an Authorized Representative of the Financial Institution, including the following \_\_\_\_\_ at \_\_\_\_\_. The Financial Institution must be an approved Financial Institution located in the United States and insured by the FDIC or NCUA. The Financial Institution must allow Stearns County to draw on the Letter of Credit by sending notice via Certified Mail.

1. A completed sight draft pursuant to the form attached as Exhibit "1", signed by an Authorized Stearns County Official, bearing reference to this Letter of Credit No. \_\_\_\_\_; and
2. A signed statement from an Authorized Stearns County Official reading as follows: "The Applicant \_\_\_\_\_ has failed to perform its obligations or otherwise comply with the terms of \_\_\_\_\_. I certify that the amount of the draft is payable pursuant to the provisions of Letter of Credit No. \_\_\_\_\_."



# BOND

## INSURANCE COMPANY NAME

LICENSE AND PERMIT BOND

KNOW ALL PERSONS BY THESE PRESENTS:

Effective Date: \_\_\_\_\_  
Bond No. \_\_\_\_\_

That we, \_\_\_\_\_ **NAME OF EXCAVATOR COMPANY** \_\_\_\_\_  
of \_\_\_\_\_ **CITY** \_\_\_\_\_ State of \_\_\_\_\_ **MINNESOTA** \_\_\_\_\_, as Principal, and  
INSURANCE COMPANY, a corporation duly licensed to do surety business in the State of  
\_\_\_\_\_ **Minnesota** \_\_\_\_\_, as Surety, are held and firmly bound unto the \_\_\_\_\_ **County** \_\_\_\_\_ of  
**Stearns** \_\_\_\_\_, State of \_\_\_\_\_ **Minnesota** \_\_\_\_\_, as Obligee, In the penal sum of  
**TEN THOUSAND AND 00/100** \_\_\_\_\_ DOLLARS ( **10,000.00** \_\_\_\_\_ ), lawful money of the United  
States, to be paid to the Obligee, for which payment well and truly to be made, we bind ourselves and our  
legal representatives, firmly by these presents.

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That whereas, the Principal has been licensed  
\_\_\_\_\_ **for Shoreland Excavating, Grading & Landscaping** \_\_\_\_\_  
\_\_\_\_\_ by the Obligee.

NOW THEREFORE, if the Principal shall faithfully perform the duties and in all things comply with the laws  
and ordinances, including all amendments thereto, pertaining to the license or permit applied for, then this  
obligation to be void, otherwise to remain in full force and effect until **December 31<sup>st</sup>, 20XX**, unless renewed  
by Continuation Certificate.

This bond may be terminated at any time by the Surety upon sending notice in writing, by First Class U.S.  
Mail, to the Obligee and to the Principal at the address last known to the Surety, and at the expiration of





Mentimeter

## QUESTION #3

What types of projects require financial guarantees:

1. Mining/asphalt plants
2. Subdivision improvements: roads, stormwater
3. Solar decommissioning
4. Cell phone towers
5. Stormwater/erosion control improvements
6. Shoreland alterations
7. Solid Waste Facilities
8. Temporary homes
9. Wind Energy Conversion Systems
10. Other

# WHO DO YOU NEED TO INVOLVE AT THE COUNTY?



# HOW DO YOU MANAGE THE PROGRAM?

Develop process and procedures

1. Depositing
2. Filing- you may need the original letter of credit to draw
3. Tracking the timelines
4. Releasing the funds
5. Drawing on the funds

ESCROW (GL Account # 01-2095)							
Received from	Project Name	ESD File #	Receipt #	Amount	Amount Released	Escrow Balance	Notes
Schnettler-Benning	Vincent Joel / Susan Meyer	CSP	2013-20219	875.00	875.00	0.00	released 12/11/13. ck #672594
BMJ Properties LLP	Bayer Built	CSP 07-17943	2013-7361 04/16/13	31,243.75	31,243.75	0.00	07.03939 0000 - 11/1/13 check to see if completed partial release 12/02. 5/15/14 final site visit
Joe's Excavating	Williams Acres 2nd Addn	plat file 2446	2014-00011714	3,262.50	3,262.50	0.00	replaces LOC #511 - Escrow released 7/24/14. ck #683747
Tri Co Abst-Rockville Propane Terminal LLC	Wenner Gas Co	CUP 13-0008	2013-23664	174,980.47	174,980.47	0.00	06/01/14 check to see if stormwater plan implemented
Trevor & Jacki Schwab		CSP T-000667	2014-04469	2,000.00	2,000.00	0.00	Released 8/28/15
Schnettler-Benning	Conservation on Big Fish	plat file 2421	2014-19196	1,000.00	1,000.00	0.00	7/01/15 check to see if stormwater plan totally implemented - Released 10/29/15 ck #706449
Schnettler-Benning	Mark Krebsbach	CSP P-001881	2014-15809	5,825.00	5,825.00	0.00	released 4825.00 11/05/15 ck # 706763- released 1,000 7/14/16 ck #718726
Schnettler-Benning	Lance & Tina Louis	CSP P-004430	2015-20538	4,200.00	4,200.00	0.00	7/14/16 released escrow - ck #718726
Cabin on the Hill LLC	Cabin on the Hill LLC	CSP P-2364	2016-24505	9,633.75	9,633.75	0.00	Released 8/25/15 - incorrect check amount went out (per auditors office ok not to send. 68 check) at
PCIRoads LLC	Norbert & Marianne Walz	IUP P-005180	2016-9225	5,000.00	5,000.00	0.00	12/01/16 IUP expires - temporary equipment and RAP to be removed - released 3/16/17 per HW
Brian Tommerdahl		Variance P-003618	2016-2601	7,792.09	7,792.09	0.00	11/1/16 site visit to see if completed - Released 06/30/2017
Revocable Trust of Carol Klein	Lakeside Acres 2nd Addn	S0093	2017-14004	41,718.00	41,718.00	0.00	for road & stormwater 08/10/2017 released 38,718 check # 735323-09/28/17 \$3,000 check #737230
WW Services	David Metz	CUP P-008295	2017-15988	16,250.00	16,250.00	0.00	Revegetation to be completed by 06-30-2018. released 10/19/17 ck #737999
James & Sandra Hughes	Anthony & Sandra Hughes	P-006140	2016-17155	1,500.00	1,500.00	0.00	06/30/17 - trees to be planted. released 10/26/2017 ck #738406
John Mondloch Remodeling Inc	Thomas & Joann Vouk	CSP P-008633	2017-15896	3,125.00	3,125.00	0.00	Rain garden to be installed by 06/01/2018 - 12/29/17 release of escrow in process
Michelle Duax	Michelle Duax	CSP P-008631	2017-15120	1,875.00	1,875.00	0.00	Revegetation to be completed by 09-29-17. 05/21/18 release of escrow in process
LJS Farms LLC	LJS Farms EAW	Reg #145-2278	2018-15263	2,800.00	2,800.00	0.00	Escrow for EAW - 01/31/19 Released to ESD for payment towards invoice #374 - for staff time
Michael Cook	Michael Cook	CSP P-010203	2018-6982	925.00	925.00	0.00	8/15/19 Escrow released - Check #752609 - Rain garden to be installed
Andrew K Schramel	Andrew K Schramel	CSP - P-010205	2018-14199	12,163.75	12,163.75	0.00	Planting Plan implementation - Released 429.64 11/21/2018 - 8/29/19 Released 11,734.11 Check #
Crever Construction	Kristin Vonegueq Rev Trust	P-011725	2018-18660	2,500.00	2,500.00	0.00	Rain garden to be installed - 10/17/2019 escrow released Check #753561
New Energy Equity	Gordon & Carol Schwinhammer	CUP P-013064 CSP P-014085	2019-16205	25,000.00	25,000.00	0.00	Decommissioning - released 09/19/2019. check #753136. Replaced by receipt 2019-17050
Gordian Energy	Gordon & Carol Schwinhammer	CUP P-013064 CSP P-014085	2019-17510	7,721.25	7,721.25	0.00	Screening-12/12/19 Released Escrow Funds. check #754465. Replaced by DG 1 Acquisition Co LLC
Gordian Energy	Gordon & Carol Schwinhammer	CUP P-013064 CSP P-014085	2019-17512	39,061.95	39,061.95	0.00	Seeding - 12/12/19 Released Escrow Funds. check #754465. Replaced by DG 1 Acquisition Co LLC
	Robert Altmann	CUP P-011509	2019-7410	1,875.00	1,875.00	0.00	Seeding 04/09/20 Escrow Released Check #756128
Ronald Brown	Ronald Brown	CSP P-015531	2020-6698	1,500.00	1,500.00	0.00	Stormwater Retention Area - 11/02/20 Return of Escrow in process
New Energy Equity LLC	Todd and Janell Bauer	CUP P-013065 P-017564	2020-17994	39,190.00	39,190.00	0.00	Seeding - Replaced by LOC S770106 - 39,190.00 - 12/10/20 Escrow released CK 760101
Infinity Homes Inc	Travis & Trisha Phelps	CSP P-017985	2020-19901	28,370.00	28,370.00	0.00	Seeding - 12/24/20 Released CK #760263 - Replaced by LOC #165
	Joel Imdieke Mining	IUP P-013657	2019-15390	11,000.00	11,000.00	0.00	Reclamation - 1/7/21 Released CK #760423 - replaced by bond 2451087 P-017694
	Brandon Greb	CSP P-012757	2019-9824	4,250.00	4,250.00	0.00	Stormwater Plan - 1/28/21 Released CK 760979 - completed
Jonathan or Elizabeth Blixt	Jonathan W Blixt	CSP P-012630	2019-7522	3,750.00	3,750.00	0.00	Stormwater Plan - 4/01/2021 - Project Completed - Released Check #761813
Pfister Energy of Baltimore LLC	Dean & Karen Meyer - Solar	CUP P-009476 & CSP P-011534	2018-18138	17,975.00	17,975.00	0.00	Vegetative Cover - replaced by LOC No #7402309169 - 17,975.00 escrow released CK ?????
Werschay Homes Inc	Jeffrey S Nelson	CSP P-014043	2019-15920	4,875.00	4,875.00	0.00	Released. Check #762573 6/17/2021
	Todd & Janell Bauer	CUP P-013065	2020-17994	39190	39190	0.00	seeding Check sent 12/10/2020 760101
Central MN Realty	Scott Doeden	CSP P-017843 PLAT S0388	2020-20324	27,137.50	27,137.50	0.00	Erosion Control and seeding costs Released 764179 11/24/2021
Todd & Janell Bauer	Todd & Janell Bauer	CSP P-013065	2020-17994	39,190.00	39,190.00	0.00	Seeding - 12/10/2020 760101



**Mentimeter**

## QUESTION #4

Have you had to draw on a financial guarantee?

# QUESTIONS/CONTACT INFO

Angie Berg  
Land Use Division Director  
705 Courthouse Square  
Administration Center Room 343  
St. Cloud, MN 56303  
(320) 656-3613  
Fax (320) 656-6484  
[angie.berg@stearnscountymn.gov](mailto:angie.berg@stearnscountymn.gov)