



[Crystal \(Minn.\).](#)
[City Council Minutes and Agenda Packets.](#)

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JOINT MEETING OF CRYSTAL HRA & CITY COUNCIL AGENDA

March 8, 1989

Pursuant to due call and notice given in the manner prescribed by Section 3.01 of the City Charter, a joint meeting of the Crystal City Council and the Crystal Housing & Redevelopment Authority was held on March 8, 1989, at 7:00 P.M., at 4141 Douglas Drive, Crystal, Minnesota. The Secretary of the Council called the roll and the following were present:

Councilmembers

P Moravec
P Grimes
P Rygg
P Carlson
P Herbes
P Smothers
P Langsdorf

Staff

P Dulgar
P Olson
P Kennedy
— Monk
— Peterson
P George
P Jones

Housing & Redevelopment Authority Members

A Garber
P Gates
P Irving
P Meintsma
P Moravec

The Mayor led the Council and the audience in the Pledge of Allegiance to the Flag.

Items of discussion were:

- Communication between City Council and the Crystal Housing and Redevelopment Authority.
- Redevelopment project at 36th Avenue and Highway 100 (Nicklaw Shopping Center)
- Weatherization Program
- Scattered Site Housing
- Accusations made by City Council members on public T.V and transcript of same
- The sale of Calibre Chase Apartment Building (79-unit complex in the Becker Park Redevelopment project).
- Economic Development Authority for the City of Crystal

Moved by Councilmember Sm and seconded by Councilmember Grime to adjourn the meeting.

Motion Carried.

Meeting adjourned at 8:20 p.m.

Supporting data included with the joint meeting
of City Council and HRA on March 8, 1989:

Letter from City Attorney dated 2-28-89 re: HRA -
EDA.

Benefits of EDA packet - took to meeting (Council
received this information in Council packet
for the March 7, 1989 regular meeting).

1988 Council Action Related to HRA Activities (This
was a handout by HRA members at the meeting.

1988 COUNCIL ACTION RELATED TO HRA ACTIVITIES

1-19-88	Approved B. Nemer's resignation
1-19-88	Unanimously approved Resolution Regarding 2nd Amendment to the Brutger's Developers Agreement for Calibre Chase
2-16-88	Unanimously approved Brutger's building permit
2-16-88	Unanimously approved Mayor's appointment of John T. Irving
3-01-88	Unanimously adopted Res. #88-9, approving Year XIV CDBG Fund allocation
3-01-88	Unanimously adopted Res #88-10, reprogramming \$36,003 of Year XIII CDBG Funds into Scattered Site Acquisition
3-15-88	Unanimously approved Res. 88-16, Res. Authorizing the Sale and Issuance of Multi-Family Housing Development Revenue Bonds (Calibre Chase)
5-17-88	Staff update on Mielke Field and negotiations with Kraus Anderson
6-06-88	Unanimously approved Res 88-29, Res. Authorizing Execution of Public Service for Daycare Services with GMDC Association
6-06-88	Unanimously adopted Res. 88-30, Res. Awarding Contract for Bid on 3541 Lee Avenue North
6-21-88	Unanimously adopted Res. 88-33, Res. Approving Amendment to the Agreement Limiting Repayment Obligation
8-02-88	Unanimously adopted Res. 88-41, Res. Approving and Authorizing Execution of Agreement No. 1 to Loan and Bond Purchase Agreement Relating to \$6mil Commercial Development Revenue Bond of 1984 (Crystal Gallery Project)
10-4-88	Unanimously approved Res. 88-58, Res. Relating to a Certain Lost Bond (Calibre Chase)
11-1-88	Unanimously adopted Res. 88-70 Just Compensation 3432 Welcome and Res. 88-71 Just Compensation 4500 Adair
11-1-88	Approved City budget; HRA budget unchanged from original submission

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James J. Thomson, Jr.
Thomas R. Galt
Steven B. Schmidt
John G. Kressel
James M. Strommen
Ronald H. Batty
William P. Jordan
William R. Skallerud
Corrine A. Heine
David D. Beaudoin
Steven M. Tallen
Mary Frances Skala
Leslie M. Altman
Timothy J. Pawlenty
Rolf A. Sponheim
Julie A. Bergh
Darcy L. Hitesman
David C. Roland
Karen A. Chamerlik
Paul D. Baertschi
Arden Fritz

Clayton L. LeFevere, Retired
Herbert P. Lefler, Retired

February 1, 1989

Mr. Jerry Dulgar
City Manager
City of Crystal
4141 Douglas Drive North
Crystal, Minnesota 55422

Re: HRA

Dear Jerry:

Mayor Herbes has asked you and me about the procedure to convert the membership of the Housing and Redevelopment Authority so that it is composed of City Council members. This sort of organization is now permitted by law.

At the outset I should point out that having the same persons act simultaneously as HRA Commissioners and Councilmembers does nothing to change the separate identities of those governing bodies or the public corporations they govern. The HRA and the City are separate and distinct governmental entities and the contractual relationships between them that now exist (staff, loan procedures, etc.) would also remain intact.

The legal framework governing the proposed change is as follows:

1. Minnesota Statutes, Section 469.003, Subd. 5 requires that HRA Commissioners be residents of the City.

2. The same section, Subd. 6 provides for five year terms, staggered for one term ending each year. Appointments are made by the Mayor with City Council approval and vacancies are similarly filled for the unexpired terms. A member of the City Council may be appointed a Commissioner and the Council may provide

that a Councilmember's term as Commissioner coincides with the member's term on the Council.

3. Laws 1974, Chapter 124, a special law relating to Crystal, provides that the City Council may by ordinance provide that not more than three of the HRA Commissioners may be Councilmembers, and the office of a Councilmember-Commissioner is vacant when that person is no longer a Councilmember, but the vacancy need not be filled by appointment of another Councilmember. (The 1974 law was passed at Crystal's request because there was considerable doubt that the law at that time permitted Councilmembers to serve as Commissioners. I think the general language in Section 469.003, Subd. 6 permits the City to ignore the limitations of the special law, but not the ordinance provision described next.)

4. City Code, Section 420, enacted pursuant to the special law, provides that no more than three members of the HRA may be Councilmembers and at least two must be other residents of the City. A vacancy in the Councilmember office creates a vacancy in the HRA office but the vacancy may be filled either by appointment of a Councilmember or a resident.

The first step in the changeover would be a repeal of the City Code, Section 420, and the adoption of a resolution setting out the intent to change over and specifying that the HRA terms of Councilmembers when appointed would coincide with their respective Council terms.

Next, as vacancies in the present HRA membership occur the Mayor, with Council approval would appoint Councilmembers as Commissioners. Unless the last Commissioner appointed was John Moravec, the process may not be complete for five years, that is, at the completion of, or a vacancy in, the term of the last appointee. This is so because there is nothing in Section 469.003 indicating that the terms of existing HRA members are modified in any way by a Council decision to appoint its own members as Commissioners.

I should point out, too, that only five Councilmembers would be HRA Commissioners and that there is no provision in the law for enlarging the size of the HRA.

Mr. Jerry Dulgar
February 1, 1989
Page 3

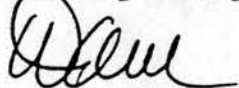
Another approach to the matter is the establishment of an Economic Development Authority which if properly done can assign all HRA powers to the EDA.

An EDA is formed under a general state law that was originally designed to give port authority powers to cities and to enable them to centralize all housing, economic development, and redevelopment activities in one agency. The EDA is formed by a Council resolution, after public hearing, specifying the activities to be engaged in by the EDA, and one of those activities can be all those performed by an HRA. A seven member EDA is permitted and all EDA members may be Councilmembers. Unless some duties are assigned to the HRA it would in practical effect cease to function. (An HRA cannot be abolished or the terms of its members affected except by state law.) There are some practical and technical difficulties with the EDA law, the most serious of which is the inability of the EDA to do tax increment financing for projects other than redevelopment projects; but we think that a careful assignment of duties to the EDA by the enabling resolution can minimize most of those problems.

The formation of EDA's is most common in outstate areas because of the broad language of the enabling statute that seems to permit rather sweeping kinds of direct financial assistance to industrial and commercial enterprises, a practice not generally followed, except by the St. Paul Port Authority, in the metro area.

Also, as in the case of the HRA, the EDA is a separate political subdivision of the state, and the contractual relationships between the City and the EDA would be similar to those between the present HRA and the City.

Yours very truly,



David J. Kennedy

DJK:caw

cc: Betty Herbes

0011LT01.F16

BRIGGS AND MORGAN

1986 PUBLIC FINANCE CONFERENCE

LEGISLATION AFFECTING LOCAL GOVERNMENT ECONOMIC
DEVELOPMENT STRUCTURE AND POWERS

TIM FLAHERTY

Local Government has played a critical role in developing and implementing economic development, redevelopment and housing programs. The state has granted cities, local redevelopment agencies, housing and redevelopment authorities and port authorities various powers to enable them to undertake these programs. Local governments possess only those powers granted to them by the state legislature. Powers granted to port authorities are more extensive than powers granted to other units of local government and port authority powers give local government greater flexibility in providing financial incentives to attract development.

Special Legislation. Since 1980, 26 cities have requested "port authority" legislation to increase their ability to develop and implement economic development and redevelopment programs. The legislature has passed some form of port authority legislation for 19 cities.

Three approaches have been taken to "port authority" special legislation:

1. A city is granted port authority powers. The city council itself is authorized to exercise the powers of a port authority. There is no separate commission or board to exercise port authority powers.
2. A city is granted authority to establish an agency with port authority powers. The agency is subject to all of the provisions of the general port authority law, Chapter 458. The city does not have the authority to limit the activity of the agency unless the limitations are provided for in Chapter 458. For example, the new agency could hire its own staff, and issue certain bonds without approval of the city.
3. A city is granted authority to establish an economic development agency with port authority powers and the authority to limit the powers available to the agency. This approach allows the city to change the structure and powers of the agency without additional state legislation.

In addition to port authority powers, many of the special laws provide that the agency established by a city may exercise the powers of a housing and redevelopment authority. For these cities, one agency in the city has both port authority and housing and redevelopment authority powers.

Special legislation affecting the economic development powers of a city or authorizing a city to establish a port authority has been controversial at the legislature. A list of cities which have been granted port authority powers by special legislation is contained in Attachment A. Only one of the seven bills introduced in the 1986 legislative session granting port authority powers to cities was passed by the legislature.

State-wide port authority legislation. Representative Don Valento, Chairman of the House Local and Urban Affairs Committee, introduced legislation to allow any city to establish an economic development authority that would have powers similar to a port authority (HF 1990). This bill was intended to eliminate the need for special legislation granting a city or its economic development agency port authority powers. The bill also contained authority for a city to divide any economic, housing or redevelopment powers between the new agency and any other authority or commission established by state law or city charter. The bill was passed by the House but ran into strong opposition in the Senate. Because of restrictions added by the Senate in the Conference Committee, it is unlikely that this new legislation will eliminate the need for the special legislation requested by cities.

Economic Development Authority Legislation. Laws of Minnesota 1986, Chapter 400 authorizes the establishment of economic development authorities by any home rule charter or statutory city. The powers granted to these new economic development authorities are not nearly as broad as the powers granted to a port authority under Chapter 458. The following points summarize the major differences between port authority powers and economic development authority powers:

1. Economic development authorities will not have the power that port authorities have to issue general obligation bonds without a referendum.

BRIGGS AND MORGAN

2. Economic development authorities will not have the power that port authorities have to build structures on land owned by the authority.
3. Unlike port authority powers, economic development authority powers can only be used in an economic development district that satisfies the redevelopment district requirements for tax increment districts. M.S. § 273.73 subd. 10.

A more complete summary of this economic development authority legislation is contained in Attachment B.

ATTACHMENT A

Special Legislation Establishing Port Authorities
Or Granting Port Authorities Powers

Special legislation has been passed granting the following twenty cities either port authority powers or the authority to establish a port authority or other agency with port authority powers:

Winona-Laws 1967, Chapter 541, as amended
Bloomington-Laws 1980, Chapters 453 and 595
Minneapolis-Laws 1980, Chapter 595
Granite Falls-Laws, 1981, Chapter 225
South St. Paul-Laws 1982, Chapter 523
St. Cloud-Laws, 1984, Chapter 498
Plymouth-Laws 1984, Chapter 397 and Laws 1985, Chapter 192
White Bear Lake-1985, Chapter 301
Roseville-Laws 1985, Chapter 301
Fergus Falls-Laws 1985, Chapter 173
Detroit Lakes-Laws 1985, Chapter 173
Red Wing-Laws 1985, Chapter 177
Hastings-Laws 1985, Chapter 177
Albert Lea-Laws 1985, Chapter 206
Austin-Laws 1985, Chapter 206
North Mankato-Laws 1985, Chapter 188
Breckenridge-Laws 1985, Chapter 205
Wadena-Laws 1985, Chapter 199
Warroad-Laws 1985, Chapter 189
Moorhead, S.F. 1760, 1986 Regular Session

ATTACHMENT B

SUMMARY OF
ECONOMIC DEVELOPMENT AUTHORITY
LEGISLATION

Laws of Minnesota, 1986, Chapter 400, Subs. 13 to 33 (the "Act"), also referred to as the state-wide port authority legislation, authorizes the establishment of economic development authorities by any home rule charter or statutory city. This law was passed by the legislature in an attempt to deal with the increasing number of cities that have requested special legislation allowing them to establish and exercise the powers of a port authority established pursuant to Minnesota Statutes, Chapter 458. The powers granted by the Act to economic development authorities (herein referred to as the "Authority") are not nearly as broad as the powers granted to a port authority established pursuant to Chapter 458. Some of the significant limitations on the powers granted an Authority in the Act which are not present in Chapter 458 are listed below.

(1) Under the Act, the powers of the Authority must be exercised within an "economic development district". The district must qualify as a "redevelopment district" under the criteria set forth in the Minnesota Tax Increment Financing Act (Minn. Stat. §273.73(10)), a copy of which is attached hereto as Exhibit A.

(2) The city, in the enabling resolution creating the Authority, may impose limitations on the exercise of powers by the Authority.

(3) The Authority does not have the ability to issue general obligation bonds without an election, unless the bonds otherwise come within an existing exemption from the election requirements of Chapter 475;

(4) The city may, but is not required to, as is the case under Chapter 458, levy a tax for economic development in an amount not to exceed .75 mill times the assessed value of taxable property in the city.

(5) The maturity of general obligation bonds and revenue bonds is limited to 20 years from their date of issuance. Most other provisions of municipal law limit the maturity of bonds to 30 years.

The following is a brief summary of certain provisions of the Act:

1. Procedure for Establishment. The creation of the Authority is by a written resolution of the city council known as an enabling resolution. The city council must give published notice and hold a public hearing prior to the adoption of the enabling resolution. The Authority must submit an annual report to the city council stating whether and in what respects the enabling resolution should be modified. Within 30 days of receipt of the report the city council must consider the recommendation and make any modification it deems appropriate. Subsequent modifications to the enabling resolution must be by written resolution and may be adopted only after notice and public hearing as required for the adoption of the original enabling resolution.

2. Ability of the City to Limit Powers of the Authority. The enabling resolution may impose limitations on the exercises of power by the Authority, which may include, but are not limited to the following:

(a) any exercise of powers by the Authority may be only with the prior approval of the city council;

(b) the city council may require that any reserves generated by activities of the Authority be transferred to the debt service fund of the city and be used to reduce tax levies for bonded indebtedness;

(c) the city may require that the sale of bonds by the Authority be approved by the city council; and

(d) any other limitation the city deems necessary or appropriate.

3. Commissioners. The Authority may consist of either three, five or seven commissioners. The number of commissioners must be stated in the enabling resolution. In a three-member Authority, at least one member must be a member of the city council, and in a five or seven-member Authority, at least two members must be members of the city council. All commissioners are appointed by the mayor and approved by the city council. Other than the original appointees who serve for terms varying from one to five years, the commissioners are appointed for six-year terms. Members of the city council in numbers greater than those mentioned above may serve as the commissioners of the Authority. An Authority may be increased from 3 to 5 or 7 or from 5 to 7, members by resolution of the city council following the same notice and hearing procedures required for adoption of an enabling resolution. Commissioners may be removed for cause following written notice and hearing on the matter.

4. Officers. The Authority's officers consist of a president, vice president, secretary, treasurer and assistant treasurer. The president, secretary and treasurer must be elected annually. The offices of secretary and assistant treasurer do not have to be held by a commissioner of the Authority.

5. Existing Development Agencies and Projects. The city may divide any economic, housing or redevelopment powers granted under Chapter 462 and the Act between the Authority and any other authority or commission established under statutes or city charter. The city may transfer any project under 273.73, subd. 8 or any project under Chapter 462 or 472A to the Authority. Upon transfer of a project, the Authority may exercise all powers that the governmental unit that established the project could exercise with respect to that project.

6. Powers.

(a) Creation of Economic Development District. The Authority may create, following notice and hearing, an economic development district, at any place within the city. The district must meet the criteria set forth in Minnesota Statutes, Section 273.73, subdivision 10 (tax increment redevelopment districts); the boundaries of the district must be contiguous.

(b) Acquisition of Property. The Authority, in order to create an economic development district, may acquire by lease, purchase, gift, demise or condemnation proceedings, any necessary right, title and interest in property. Property acquired for this purpose is exempt from taxation by the state or its political subdivisions but only while the Authority holds the property for its own use.

(c) Eminent Domain. The Authority may exercise the power of eminent domain.

(d) Limited Partner. The Authority may act as a limited partner on a partnership whose purpose is consistent with the Authority's purpose.

(e) Power to Contract. The Authority may enter into contracts for the purpose of economic development and may contract to purchase and sell real and personal property. Any obligation or expense of the Authority may not be incurred unless there is an existing appropriation and reasonable expected revenue of the Authority from other sources sufficient to discharge the obligation or pay the expense when due.

(f) Sale or Lease of Land. The Authority may sell or lease land held by it for economic development in economic development districts.

(g) Assistance from Other Governmental Entities. The Authority may accept land, money or other assistance whether by gift, loan or otherwise in any form from the federal or state government or any agency or local subdivision.

(h) Foreign Trade Zone. The Authority may apply for foreign trade zone powers alone or with another Authority.

(i) Public Facilities. The Authority may maintain and operate a public parking facility or other public facilities to promote development in the economic development district.

(j) Sale of Property. An Authority may, after notice and hearing, sell property owned by it, if such sale or conveyance is in the best interest of the city. The sale may be by private or public sale. The sale of property must include the intended use of the land and may not be consummated until the purchaser delivers plans and specifications covering the development of the property to the Authority for approval. If the purchaser fails to devote the property to its intended use or fails to begin work on improvements with one year from the date of purchase, the Authority may cancel the sale; title to the property will revert to the Authority. The Authority may extend the one year deadline for good cause. The purchaser of the land may not transfer title within one year after the sale without the consent of the Authority.

(k) Levy of Taxes for Economic Development Authority. The city may, at the request of the Authority, levy a tax in any year for the benefit of the Authority in an amount not more than 0.75 mill times the assessed valuation of the taxable property in the city. The levy may be increased by resolution of the city council after published notice. The resolution is not effective if a petition requesting a referendum is filed with the city clerk within 30 days after publication of the resolution. The petition must be signed by voters equaling at least five percent of the votes cast in the last general election.

(l) Development and Improvement of Land. The Authority may fill, grade and protect property and do anything necessary and expedient after acquiring property in an economic development district to make it suitable and attractive for development.

(m) Miscellaneous Powers. The Authority has the powers of a housing and redevelopment authority under Chapter 462 or other law and the powers of a city under Chapter 472A or other law. In addition, the Authority may exercise the powers of a redevelopment agency under Chapter 474 for any of the purposes of the Act or Minnesota Statutes, Sections 462.411 to 462.705 and may use the powers of the Act and Sections 462.411 to 462.705 for any purpose under Minnesota Statutes Chapter 474.

7. Issuance of Obligations.

(a) Issuance of General Obligation Bonds. The Authority may issue general obligation bonds in anticipation of income from any source, in the principal amount authorized by two-thirds vote of the city council for the purpose of acquiring property or for any other purpose set forth in the Act. The bonds must be sold by public sale and the form and interest rate must be set by the city council. The issuance of the bonds are governed by the Act, except for matters that are not covered in the Act, which are governed by Chapter 475 (Public Indebtedness). An election is required for the issuance of the general obligation bonds unless the bonds otherwise qualify for an exception from the election requirements under the provisions of Chapter 475. The bonds must mature with 20 years from their date of issuance. The City council must, by ordinance, give specific consent to the pledge of its full faith and credit to the bonds. The bonds are payable from taxes levied by the Authority on all taxable property in the city, which taxes must be in an amount at least five percent in excess of the principal and interest on the bonds.

(b) Issuance of Revenue Bonds. Revenue bonds may be issued by an Authority to acquire land, to purchase or construct facilities, to purchase, install or furnish capital equipment, or to extend, improve or enlarge a project under its control. The bond issue may also

include a reserve to secure the payment of principal and interest on the bonds. The bonds must mature within 20 years from their date of issuance, may be sold at either public or private sale, and may be secured by any revenues from the facility financed by the bonds. Revenue bonds are not a debt of the Authority or the city but are payable only from the revenues pledged to the payment thereof. If the revenue bonds are taxable bonds, the project financed thereby does not have to be approved by the energy and economic development authority and certain public hearing and reporting requirements under Chapter 474 do not apply. In addition, the provisions of Chapter 474 which prohibit the financing property to be sold or housing facilities to be rented or used as a permanent residence do not apply.

(c) Tax Increment Bonds. The Authority may issue tax increment bonds payable from tax increment revenues. The issuance of tax increment bonds is subject to the provisions of the Minnesota Tax Increment Financing Act.

(d) Pledge of Revenues. The Authority may pledge and grant a lien on revenue of the Authority to secure the payment of its general obligation or revenue bonds. The revenue must come from the facility to be acquired, constructed or improved with bond proceeds or from other facilities named in the resolutions authorizing the bonds.

(e) Borrowing Money. After authorizing general obligation or revenue bonds, the Authority may borrow money for the purpose for which the bonds are to be issued in an amount not to exceed the amount of the bonds to be issued. The loans must be evidenced by negotiable notes due not more than 12 months after the date of the loan, which notes are to be repaid from the proceeds of the bonds.

8. Budget. The Authority must submit an annual budget to the City including a detailed written estimate of the amount of money the Authority expects to need from the City during the next fiscal year. The Authority must also submit to the City a detailed account of its activities and its receipts and expenditures during the preceding calendar year.

9. City Facilities, Services. A city may furnish offices, structures, space, clerical, engineering or other assistance to the Authority. The Authority may use the services of the city attorney. The Authority may use the City's purchasing department in connection with construction work and to purchase equipment, supplies or materials.

10. Advances. An authority may advance its general fund money or credit, without interest, for the object and purposes of the Act. The advances must be repaid from the sale or lease of land. Advances made to acquire land and to construct facilities for recreation purposes, if authorized by law, need not be reimbursed.

11. Optional Use by Existing Port Authorities. Any city that has established a port authority by special law or that has been granted the power to establish a port authority by special law may elect to use any of the powers granted in the Act, however, the provisions of the Act must be used exclusively and, upon an election to use the powers set forth in the Act, any powers granted in the special law may no longer be used.

This summary is only a partial description of the provisions of the Act. Additional provisions not covered in this summary are contained in the Act.

CHAPTER 123—H.F.No.3040
[Coded in Part]

An act relating to the trunk highway system; adding a new route in substitution of an existing route.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **HIGHWAYS; ROUTE NO. 294.** There is added to the trunk highway system a new route described as follows:

[161.115] Route No. 294. Beginning at a point on Route No. 4, situated in Government Lot 1 of Section 2, Township 119 North, Range 35 West, as presently laid out and opened for travel, thence extending in a general easterly direction into the grounds of the Willmar state hospital, thence extending in a general northerly direction to a point on Route No. 4.

Sec. 2. The route established in section 1 is a substitute for Route No. 294 as contained and described in Minnesota Statutes 1971, Section 161.115, and said route as so contained and described in said section is discontinued and removed from the trunk highway system.

Sec. 3. The revisor of statutes, on compiling the Minnesota Statutes, shall substitute the route established in section 1 for the route discontinued and removed from the trunk highway system in section 2.

Approved March 13, 1974.

CHAPTER 124—H.F.No.3047
[Not Coded]

An act relating to the city of Crystal; authorizing members of the city council to serve on the housing and redevelopment authority of the city.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CRYSTAL, CITY OF; HOUSING AND REDEVELOPMENT AUTHORITY.** When a housing and redevelopment authority is authorized to operate within the city of Crystal, pursuant to Minnesota Statutes, Section 462.425, the city council may by ordinance provide that not more than three of the commissioners of the authority may be members of the city council.

Sec. 2. **TERMS OF CITY COUNCILMEN; VACANCIES.** Members

Changes or additions indicated by underline deletions by ~~strikeout~~

of the city council who serve as commissioners of the housing and redevelopment authority pursuant to this act shall hold office only during the period that they are members of said council. When such a commissioner is no longer a member of the city council his term as commissioner of the authority shall terminate, and the vacancy on the commission shall be filled by appointment by the council, for the unexpired portion of the term, provided that the member so appointed need not be a member of the city council.

Sec. 3. **PURPOSE, SCOPE AND AUTHORITY.** The purpose, scope and authority of the housing and redevelopment authority with membership as authorized by this act shall be the same as that provided by the municipal housing and redevelopment act, Minnesota Statutes, Sections 462.411 to 462.716.

Sec. 4. **EFFECTIVE DATE.** This act shall become effective only after its approval by a majority of the governing body of the city of Crystal, and upon compliance with Minnesota Statutes, Section 645.021.

Approved March 14, 1974.

CHAPTER 125—H.F.No.3052

An act relating to the interstate compact on juveniles; amending Minnesota Statutes 1971, Sections 260.53 and 260.55.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1971, Section 260.53, is amended to read:

260.53 INTERSTATE COMPACT ON JUVENILES; COMPACT ADMINISTRATOR. (1) Pursuant to the interstate compact on juveniles, the governor is authorized to designate the ~~director of the Youth Conservation Commission~~ commissioner of corrections to be the compact administrator, who, acting jointly with like officers of other party states, shall promulgate rules to carry out more effectively the terms of the compact. He shall serve subject to the pleasure of the governor. The compact administrator is authorized to cooperate with all departments, agencies and officers of and in the government of this state and its political subdivisions in facilitating the proper administration of the compact or of any supplementary agreement entered into by this state thereunder.

(2) The compact administrator shall determine for this state whether to receive juvenile probationers and parolees of other states pursuant to Article VII of the interstate compact on juveniles and shall

Changes or additions indicated by underline deletions by ~~strikeout~~

Holtz

BENEFITS OF EDA

1. Control -- enabling resolution may be modified from time to time
2. May develop, improve and lease land
3. May be a limited partner in a partnership whose purpose is consistent with the authority's purpose. Can in many instances agree to provide its tax increment as its contribution to the partnership.

MEMORANDUM

TO: Mayor and Council Members
FROM: City Attorney
DATE: February 21, 1989
RE: Economic Development Authority - Establishment

An economic development authority (EDA) is established by a resolution of the city council. Prior to adoption of the resolution, the council must hold a public hearing preceded by two consecutive weeks of published notice of the hearing. The published notice must contain the following elements:

1. Time and place of the hearing;
2. Statement of the purpose of the hearing; and
3. Summary of the resolution proposed to be adopted.

The notice must be published in a newspaper of general circulation in the city; and the first publication must appear not more than 30 days from the date of the public hearing.

Following the public hearing, the council may vote on the adoption of the resolution. The resolution (referred to in the statute as the "enabling resolution") serves several important functions.

1. It establishes the number and composition of the EDA;
2. It may place certain restrictions and limitations upon the powers otherwise granted to EDA's under the statute.
3. It may provide for the transfer of any project or program within the city to the EDA.

MEMORANDUM

TO: Mayor and Council Members
FROM: City Attorney
DATE: February 21, 1989
RE: Council Control Over HRA Activities

The City and the HRA are separate public bodies which operate within the same geographic area. Consequently, there are a number of instances in which the city, acting through its council, can exercise control (or at least influence) over the activities of the HRA. Following is a listing of many of those instances.

1. Land Use Issues. HRA developments must conform to the city's land use regulations. To the extent that land use approvals are required (rezoning, variance, CUP's, PUD's) the city may exercise the same control over HRA activities that it could exercise over private unassisted developers.
2. Conformity with Comprehensive Plan. The HRA may neither acquire nor dispose of any interest in real property until the city planning commission has made findings concerning compliance of the proposed acquisition or disposal with the comprehensive plan.
3. Projects, Plans, TIF Districts.
 - (a) Redevelopment plans may not be undertaken until the plan has been presented to and approved by the city council.
 - (b) Acquisition of land by condemnation for "housing development projects" may not be undertaken until the city council has approved the use of condemnation.

Mayor and Council Members
February 21, 1989
Page 2

- (c) All tax increment financing districts must be approved by the city in order to qualify for certification to the county auditor.

4. Bonds.

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Paul D. Baertschi
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Rayton L. LeFevere, Retired
Herbert P. Lefler, Retired

January 23, 1989

Mr. Walter Fehst
City Manager
City of Robbinsdale
4221 Lake Road
Robbinsdale, MN 55422

Re: EDA Commissioners - Appointment, Number, Terms

Dear Walt:

You have asked for my response to a series of questions pertaining to the proposed EDA which is being considered by the Council.

1. Can the EDA Commission be composed of all members of the Council plus non-council commissioners?

The answer in the case of Robbinsdale is yes. EDA's may have 3, 5 or 7 commissioners. The actual number is fixed in the council's enabling resolution which establishes the EDA. The council could opt for a seven member EDA. In the enabling resolution, the council could then provide that five of the seven commissioners be council members. Another approach would be to provide that all members of the council will serve on the EDA and the remaining commission positions will be filled by the appointment of non-council commissioners. This approach would address the situation which would be created if Robbinsdale ever decided to have a seven member city council.

2. Can the terms of the council member EDA Commissioners be made to coincide with these services as council member?

The answer is a qualified yes. The initial appointments is on a staggered basis. For a seven member commission, the initial appointments are, one each, for terms of one, two, three, four and five years and two for six years. With respect to city council appointments, however, the term can prematurely end in either of two ways.

- a) Under the statute, a vacancy occurs on the EDA when the council member ceases to be on the council. Under this approach, the new council member is appointed to serve the unexpired EDA term of the former council-EDA member.
- b) The council may, in the EDA enabling resolution, simply set the terms of the council appointments to the council members time of service on the council. I believe that this approach is preferable for two reasons:
 - i) administratively, the risk of failure to reappoint a commissioner following service of the unexpired term of the predecessor is removed;
 - ii) council member appointees simply serve for as long as they are on the council, whether that is two years or 20 years. At the council's annual organizational meeting, new council members can be appointed to the EDA.

Consequently, I would recommend that any enabling resolution provide that the council member EDA commissioners serve for a term to coincide with their membership on the council. The non-council appointments must be for initial staggered terms. With respect to those appointments, the council may wish to consider short initial terms. If a non-council appointee is not working out, you have an early opportunity to replace that individual. After the initial appointment period is over, the non-council appointee are appointed for six-year terms, and may be removed only for cause, which must be substantiated by the council following a public hearing.

3. Can the non-council EDA members be determined by a public election?

The answer is a qualified yes. The statute provides for appointment of the commissioners by the mayor with the approval of the city council. Any process involving the electorate would have to be advisory in nature. E.g., not binding on the mayor or council. The question on the ballot, in substance, would ask whether the mayor should appoint one of the individuals named on the ballot to the EDA.

See
HRA

Mr. Walter Fehst
January 23, 1989
Page 3

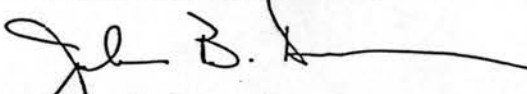
The general rule is that the city may not hold an election to advise the council on issues of public policy unless the charter authorizes these sorts of elections. Section 4.04 of the Charter dealing with special elections (all "questions" must be handled by special election) does not authorize advisory elections. Consequently, the Charter would have to be amended to permit such an election.

There may be significant policy considerations which the council may wish to explore prior to embarking upon such a process.

If the council opts for this sort of process, the process cannot affect the statutory terms of the commissioners, which following the initial appointment is six years. The council should also consider whether vacancies resulting from resignation, death or removal should be filled in this manner.

I hope that these responses cover all of the questions which you posed. I must say that these are excellent and thought provoking questions. They suggest that the council is giving cautions and careful consideration to this matter. If there is any way that we can provide further background or assistance to the council in this process, please advise.

Respectfully yours,



John B. Dean

JBD:rsr

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Rayton L. LeFevre, Retired
Herbert P. Lefler, Retired

January 17, 1989

Mr. Walter Fehst
City Manager
City of Robbinsdale
4221 Lake Road
Robbinsdale, MN 55422

Re: Reformation of the Robbinsdale Housing and Redevel-
opment Authority

Dear Walt:

You have asked us to list and evaluate the options available to the City to place the direct responsibility for redevelopment activities in the hands of the City Council members. The purpose of that approach would be to make those who make redevelopment decisions directly accountable to the electorate. After reviewing relevant statutes, our opinion is as follows.

It is possible for the City Council to gain control of the HRA by appointing Council members to fill vacancies on the HRA as they occur. However, City Code Section 17-602(a) limits the number of Council members who may serve on the HRA to two. Prior to the Council being able to appoint all or a majority of its members to the HRA, it would be necessary to amend or repeal the above ordinance. In addition, since the current HRA members may be removed only for inefficiency, neglect of duty or misconduct, it would probably take a period of time for the Council to assert its influence on the HRA through vacancies.

An entirely different approach open to the City is through the creation of an economic development authority (EDA) to administer the City's development and redevelopment projects. An EDA may be established after a public hearing and the adoption of an enabling resolution. The enabling resolution is a charter-like document

which specifies the powers of the EDA. The City Council may use it to divide authority among the EDA and other entities responsible for development of the City, including the City Council.

If the City chooses to create an EDA, the Council may delegate to it all authority allowed an EDA under state statute, all powers otherwise exercised by an HRA and the power granted to the Council itself under the City Development District Act. A City which opts for such a broad grant of authority makes the EDA its sole development agency and effectively eliminates the HRA as a useful entity.

A City establishing an EDA may also decide to divide development and redevelopment powers among the EDA, HRA and the City Council according to any formula it wishes. For example, it would be possible to assign only a certain type of project or only projects within a defined geographical area to the HRA and to give the EDA all remaining authority. The enabling resolution should address the distribution of responsibility not only for prospective projects, but also decide the status of existing developments. Thus, it would be possible to force the HRA to divest itself of some or all of its current projects and to give them to the EDA. The statute gives the Council specific authority to redistribute the authority previously exercised solely by the HRA, but requires that all contracts and obligations of the HRA be honored by the successor entity.

Regardless of how the City Council divides power among itself, the EDA and HRA, state law requires that an EDA have three, five or seven members. Minimum Council membership on such an EDA would be one, two or two, respectively. It is also possible for a City creating an EDA to provide for a majority or full overlap of membership between the City Council and EDA.

In conclusion, it appears that the quickest method for the City to exercise a greater degree of control over development and redevelopment projects is to establish an EDA. The Council may vest as much responsibility in the EDA and may itself play as large a role in the membership of the EDA as it wishes. The critical document in setting out responsibilities is the enabling resolution, but the Council may amend the resolution at any time to change the size, composition or duties of the EDA. However, once non-Council members are appointed to the

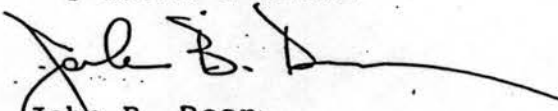
Mr. Walter Fehst
January 17, 1989
Page 3

EDA, they too may be removed only for inefficiency, neglect of duty or misconduct prior to the expiration of their terms.

If you have any additional questions regarding this matter, please feel free to contact us.

Respectfully yours,

LeFevere, Lefler, Kennedy,
O'Brien & Drawz



John B. Dean

JBD:rsr

shall report to the city council the amount of surplus funds that are in its judgment available for transfer to the sinking fund for any general obligation bonds of the authority, to reduce tax levies to pay the bonds. The council shall then decide by resolution what amount to transfer.

Subd. 10. Wisconsin real property. The port authority may purchase or lease real property in Wisconsin for barge fleetling or for recreation activities or for both.

Subd. 11. **Transfer of city property to port.** The city of Winona may transfer, with or without consideration and on other terms the city council considers desirable, its interest in any real property, including fee title, to the port authority of Winona. The transfer must be authorized by ordinance. The ordinance must contain the following:

- (1) the general location and the specific legal description of the property;
- (2) a finding by the city council that the real property is marginal under section 469.058, supported by reference to one or more of the conditions listed in section 469.048, subdivision 5;
- (3) a statement as to the consideration, or absence of it, to be received by the city at the time of transfer; and
- (4) other information considered appropriate by the city council.

A conveyance of fee title under this subdivision must be by quitclaim deed.

History: 1987 c 291 s 90

ECONOMIC DEVELOPMENT AUTHORITIES

469.090 DEFINITIONS.

Subdivision 1. Generally. In sections 469.090 to 469.108, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. Authority. "Authority" means an economic development authority.

Subd. 3. City. "City" means a home rule charter or statutory city.

Subd. 4. Development. "Development" includes redevelopment, and "developing" includes redeveloping.

Subd. 5. **Cost of redevelopment.** "Cost of redevelopment" means, with respect to an economic development district project, the cost of:

- (1) acquiring property, whether by purchase, lease, condemnation, or otherwise;
- (2) demolishing or removing structures or other improvements on acquired properties;
- (3) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;
- (4) constructing or installing public improvements, including streets, roads, and utilities;
- (5) providing relocation benefits to the occupants of acquired properties;
- (6) planning, engineering, legal, and other services necessary to carry out the functions listed in clauses (1) to (5); and
- (7) the allocated administrative expenses of the authority for the project.

History: 1987 c 291 s 91

469.091 ECONOMIC DEVELOPMENT AUTHORITY.

Subdivision 1. Establishment. A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 469.093, establish an economic development authority that, subject to section 469.092, has the powers contained in sections 469.090 to 469.108 and the powers of a housing and redevelopment authority under sections 469.001 to 469.047 or other law, and of a city under sections 469.124 to 469.134 or other law. If the economic development authority exercises the powers

of a housing and redevelopment
other law, the city shall exercise
authority granted to a city by :

Subd. 2. Characteristics. corporate and politic and a pol be sued in its own name. An a when it exercises its power, but this.

History: 1987 c 291 s 92

469.092 LIMIT OF POWERS

Subdivision 1. Resolution limits upon the actions of the a

- (1) that the authority must 469.001 to 469.047, 469.090 to must not exercise any powers w
- (2) that, except when previ resolution require the authority activities of the authority that successful operation of the auth solely to reduce tax levies for be
- (3) that the sale of all bonds the city council before issuance;
- (4) that the authority follow by the city and as implemented
- (5) that all official actions c comprehensive plan of the city, a sive plan;
- (6) that the authority submit other governmental agency, sub
- (7) that the authority submit ties to the city council for appr
- (8) any other limitation or c resolution.

Subd. 2. Modification of re any time, subject to subdivision accordance with this section.

Subd. 3. Report on resolution. At any time after the first adoption of the enabling resolution by the council, the council shall submit to the voters a report stating whether or not the council has adopted the enabling resolution. Within 30 days of receipt of the report, the council shall, by enabling resolution, consider the resolution and, if appropriate, modify it. In considering the resolution, the council shall consider the procedural requirements of the constitution.

Subd. 4. Compliance. The [redacted] complied with the limitations in

Subd. 5. Limits; security. In a manner that impairs the security of the limit is imposed. The city cannot issue any bonds or obligations are issued for the bonds or obligations or are

History: 1987 c 291 s 93

of a housing and redevelopment authority contained in sections 469.001 to 469.047 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by sections 469.001 to 469.047 or other law.

Subd. 2. Characteristics. An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

History: 1987 c 291 s 92

469.092 LIMIT OF POWERS.

Subdivision 1. Resolution. The enabling resolution may impose the following limits upon the actions of the authority:

- (1) that the authority must not exercise any specified powers contained in sections 469.001 to 469.047, 469.090 to 469.108, and 469.124 to 469.134 or that the authority must not exercise any powers without the prior approval of the city council;
- (2) that, except when previously pledged by the authority, the city council may by resolution require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;
- (3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;
- (4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;
- (5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;
- (6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;
- (7) that the authority submit its administrative structure and management practices to the city council for approval; and
- (8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. Modification of resolution. The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with this section.

Subd. 3. Report on resolution. Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with procedural requirements of section 469.093.

Subd. 4. Compliance. The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. Limits; security. Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

History: 1987 c 291 s 93

469.093 PROCEDURAL REQUIREMENT.

Subdivision 1. Enabling resolution. The creation of an authority by a city must be by written resolution referred to as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

Subd. 2. Modifications. All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

History: 1987 c 291 s 94

469.094 TRANSFER OF AUTHORITY.

Subdivision 1. Economic development, housing, redevelopment powers. The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under sections 469.001 to 469.047 and 469.090 to 469.108 between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.

Subd. 2. Project control, authority, operation. The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 469.174, subdivision 8, or any other program or project authorized by sections 469.001 to 469.047 or sections 469.124 to 469.134 located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

Subd. 3. Transfer of personnel. Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

History: 1987 c 291 s 95

469.095 COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.

Subdivision 1. Commissioners. Except as provided in subdivision 2, paragraph (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 469.093 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

Subd. 2. Appointment, terms; vacancies. (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member

of the city council, shall be a member of the city council. Those initially appointed shall serve for terms of two, three, four, five, or six years, respectively. Thereafter,

(b) Five-member authority: two of whom must be members of the city council with the approval of the city council. They shall be appointed for terms of two, three, four, five, or six years, respectively.

(c) Seven-member authority: two of whom must be members of the city council with the approval of the city council. They shall be appointed for terms of one, two, three, four, five, or six years, respectively.

(d) The enabling resolution shall specify the number of commissioners who shall serve as the commissioners.

(e) The enabling resolution shall specify the number of commissioners who shall serve on the city council in excess of the number specified in the enabling resolution.

(f) A vacancy is created in the authority and the reason must be filled for the term of the original appointment was made. The commissioners who are members of the city council shall serve for the term of the city council.

Subd. 3. Increase in number of members. The city council may, by resolution, increase the number of members of the authority from three to five or seven members.

Subd. 4. Compensation. The president, shall be paid for attending meetings, the commissioners shall be paid for attending meetings, the official business of the authority shall be paid out of the authority.

Subd. 5. Removal for cause. A commissioner may be removed only after a hearing. The hearing shall be held at least ten days before the hearing. The hearing shall be held in person or by a written submission against a commissioner. If the city council removes a commissioner, the commissioner shall be in the record of the proceedings, together with the office of the city clerk.

History: 1987 c 291 s 96

469.096 OFFICERS; DUTIES.

Subdivision 1. Bylaws. The authority shall adopt and shall have the power to amend the bylaws, procedure and shall adopt an

Subd. 2. Officers. The authority shall have a treasurer, a secretary, and an assistant treasurer, and secretary and vice-president at the same time. The offices of secretary and vice-president shall be in the office of the city clerk.

Subd. 3. Duties and powers. The officers shall have the following duties and powers. They may be given c

of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.

(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, five, and six years respectively. Thereafter all commissioners shall be appointed for six-year terms.

(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.

(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.

(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in paragraphs (a), (b), and (c).

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioner who are members of the city council to coincide with their term of office as members of the city council.

Subd. 3. Increase in commission members. An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 469.093.

Subd. 4. Compensation and reimbursement. A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

Subd. 5. Removal for cause. A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a copy of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

History: 1987 c 291 s 96

469.096 OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.

Subdivision 1. Bylaws, rules, seal. An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. Officers. An authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. Duties and powers. The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

Subd. 4. Treasurer's duties. The treasurer:

- (1) shall receive and is responsible for authority money;
- (2) is responsible for the acts of the assistant treasurer;
- (3) shall disburse authority money by check only;
- (4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and
- (5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. Assistant treasurer. The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. Treasurer's bond. The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the authority provided that the bond must not exceed \$300,000.

Subd. 7. Public money. Authority money is public money.

Subd. 8. Checks. An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. Financial statement. The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

History: 1987 c 291 s 97

469.097 EMPLOYEES; SERVICES; SUPPLIES.

Subdivision 1. Employees. An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.

Subd. 2. Contract for services. The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.

Subd. 3. Legal services. The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

Subd. 4. Supplies. The authority may purchase the supplies and materials it needs to carry out sections 469.090 to 469.108.

Subd. 5. City purchasing. An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

Subd. 6. City facilities, services. A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

Subd. 7. Delegation power. The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

History: 1987 c 291 s 98

469.098 CONFLICT OF INTEREST.

Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or

in any property included or have any financial interest, materials or service to be furnished.

History: 1987 c 291 s 99

469.099 DEPOSITORIES.

Subdivision 1. Named; or state banks within the state bank shall give the authority. The bond must be conditioned. The amount of bond must be deposited at any one time.

Subd. 2. One bank account source in one bank account.

Subd. 3. Default; collateral. In a bonded depository, the trust is exempt from liability for the other act or default of the depository of collateral from its depository permitted by law to secure deposits.

History: 1987 c 291 s 100

469.100 OBLIGATIONS.

Subdivision 1. Taxes and tax or special assessment, except the credit of the state or incur an obligation enforceable.

Subd. 2. Budget to city. Ordinance of the city, an authority must include a detailed written expects to need from the city needed amount is what is needed.

Subd. 3. Fiscal year. The year of its city.

Subd. 4. Report to city. The authority shall make a written activities and of its receipts together with additional material economic development of the city.

Subd. 5. Audits. The authority audited, filed, and published statements of the city that es permit comparison and reconciliation. The report must be filed with shall review the report and must the authority.

Subd. 6. Compliance. At auditor's initiative, the state authority for that city. Each examination, including the state making the examination. The the audit. All collections received auditor.

History: 1987 c 291 s 101

in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

History: 1987 c 291 s 99

469.099 DEPOSITORIES; DEFAULT; COLLATERAL.

Subdivision 1. **Named; bond.** Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.

Subd. 2. **One bank account.** An authority may deposit all its money from any source in one bank account.

Subd. 3. **Default; collateral.** When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.

History: 1987 c 291 s 100

469.100 OBLIGATIONS.

Subdivision 1. **Taxes and assessments prohibited.** An authority must not levy a tax or special assessment, except as otherwise provided in sections 469.090 to 469.108, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.

Subd. 2. **Budget to city.** Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

Subd. 3. **Fiscal year.** The fiscal year of the authority must be the same as the fiscal year of its city.

Subd. 4. **Report to city.** Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

Subd. 5. **Audits.** The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

Subd. 6. **Compliance examinations.** At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

History: 1987 c 291 s 101

469.101 POWERS.

Subdivision 1. Establishment. An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 469.174, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Subd. 2. Acquire property. The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 469.090 to 469.108. It may hold and dispose of the property subject to the limits and conditions in sections 469.090 to 469.108. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 469.090 to 469.108. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When the property is sold it becomes subject to taxation.

Subd. 3. Options. The economic development authority may sign options to purchase, sell, or lease property.

Subd. 4. Eminent domain. The economic development authority may exercise the right of eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may take possession of property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

Subd. 5. Contracts. The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 469.090 to 469.108. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or performing its duties. The authority may contract to purchase and sell real and personal property. An obligation or expense must not be incurred unless existing appropriations together with the reasonably expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

Subd. 6. Limited partner. The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

Subd. 7. Rights; easements. The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

Subd. 8. Supplies; materials. The economic development authority may buy the supplies and materials it needs to carry out this section.

Subd. 9. Receive public property. The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form

from the federal or state government to carry out an economic development district.

Subd. 10. Development. The authority may sell or lease land held by the authority in economic development districts. The authority may sell or lease land held by the authority in economic development districts regardless of size, to be developed under sections 469.090 to 469.108.

Subd. 11. Foreign trade. The authority may, to the board defined in Unit 1, exercise the powers provided in Unit 1 if granted, the authority may exercise the powers provided in Unit 1.

Subd. 12. Relation to other districts. The authority may exercise powers under sections 469.152 to 469.165, for a purpose under sections 469.152 to 469.165. The authority may exercise powers under sections 469.047 and 469.090 to 469.108.

Subd. 13. Public facilities. The authority may, for a purpose, develop a parking facility or other public facility in an economic development district.

Subd. 14. Governmental powers. The authority may, for a purpose, act with or act as agent for the state or an agency or instrumental under sections 469.090 to 469.108 or any other economic development district.

Subd. 15. Studies. The authority may, for a purpose, study the economic development needs of the city, may study the desirable pattern of growth and other factors affecting the city, the result of the studies available, and may engage in research and development in the city.

Subd. 16. Public relations. The authority may, for a purpose, (1) join an official, industrial, or commercial organization concerned with the purpose of advancing the city and its relations activities to promote this subdivision have a public relations program.

Subd. 17. Accept public property. The authority may, for a purpose, accept all other public agencies, and may, for a purpose, be properly used by the authority for the purposes of sections 469.090 to 469.108.

Subd. 18. Economic development district. The authority may, for a purpose, develop an economic development district to make and purposes. An authority may, for a purpose, necessary and expedient, after a tract for economic development or property and may set up an economic development district.

Subd. 19. Loans in anticipation of bonds. The authority may, for a purpose, under sections 469.102 and 469.103, an authority may, for a purpose, for the bond purpose. The authority shall by resolution

from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 469.090 to 469.108 and to acquire and develop an economic development district and its facilities under this section.

Subd. 10. Development district authority. The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may acquire, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 469.090 to 469.108.

Subd. 11. Foreign trade zone. The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.

Subd. 12. Relation to other redevelopment powers. The economic development authority may exercise powers and duties of a redevelopment agency under sections 469.152 to 469.165, for a purpose in sections 469.001 to 469.047 or 469.090 to 469.108. The authority may also use the powers and duties in sections 469.001 to 469.047 and 469.090 to 469.108 for a purpose in sections 469.152 to 469.165.

Subd. 13. Public facilities. The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.

Subd. 14. Government agent. An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 469.090 to 469.108 or any other related federal, state, or local law in the area of economic development district improvement.

Subd. 15. Studies, analysis, research. An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and disseminate information on economic development within the city.

Subd. 16. Public relations. To further an authorized purpose, an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

Subd. 17. Accept public land. An authority may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 469.090 to 469.108.

Subd. 18. Economic development. An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.

Subd. 19. Loans in anticipation of bonds. After authorizing bonds under sections 469.102 and 469.103, an authority may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced

by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

Subd. 20. Use of proceeds. The proceeds of obligations issued by an authority under section 469.103 and temporary loans obtained under subdivision 19 may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.

Subd. 21. Mined underground space development. Upon delegation by a municipality as provided in section 469.139, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 469.135 to 469.141.

Subd. 22. Secondary market. An authority may sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.

History: 1987 c 291 s 102; 1988 c 580 s 5

469.102 GENERAL OBLIGATION BONDS.

Subdivision 1. Authority; procedure. An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.090 to 469.108. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Except as otherwise provided in sections 469.090 to 469.108, the issuance of the bonds is governed by chapter 475. The authority when issuing the bonds is a municipal corporation under chapter 475.

Subd. 2. Detail; maturity. The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.

Subd. 3. **Signatures; coupons; liability.** The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.

Subd. 4. Pledge. The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, the amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit,

and resources. The author
interest on it from taxes
authority income from any

Subd. 5. Tax levy. An issuing them, levy a tax for The tax must be for at least principal and interest on the be levied annually until the been delivered to the purcl After the bonds are issued, extending, assessing, and co send a certified copy of the on the bonds for which the the levied tax annually until shall transfer the surplus fr principal and interest for wh may direct its secretary to in a year. The certificate m in the sinking fund, the aut specified issue of the autho for that year by that amou and may not use it for any p The taxes in this section s treasurer as provided in ch when due.

Subd. 6. Authorized authorized securities under company may invest in the funds in them. The bonds the deposit of public mone

The authority's bonds

History: 1987 c 291 s 1

469.103 REVENUE BON

Subdivision 1. Authority to issue its revenue bonds may be operated by the authority, to purchase or furnish capital equipment within the city, or to pay the principal of the bonds. The issued bonds may include an initial reserve to pay interest in a resolution how executed.

Subd. 2. Form. The bonds shall bear interest at a rate from the date of issuance registrable as to principal, 469.102, subdivision 6, ap and their coupons, if any,

Subd. 3. Sale. The sale may be public or private sale. The board of directors has authority to determine whether the bonds shall be made callable, and if so is:

Subd. 4. Agreement:

and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

Subd. 5. Tax levy. An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor, together with full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income, including the amount in the sinking fund, the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer as provided in chapter 276. The taxes must be used only to pay the bonds when due.

Subd. 6. Authorized securities. Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

History: 1987 c 291 s 103

469.103 REVENUE BONDS; PLEDGE; COVENANTS.

Subdivision 1. Authority. An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

Subd. 2. Form. The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance, and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as determined by the authority. Section 469.102, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.

Subd. 3. Sale. The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.

Subd. 4. Agreements. The authority may by resolution make an agreement or

covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.

Subd. 5. Revenue pledge. In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates, and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and deposit sufficient net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what constitutes "current expense" under this subdivision based on what is normal and reasonable under generally accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 469.102, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

Subd. 6. Not city debt. Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.

Subd. 7. Not applicable. Sections 469.153, subdivision 2, paragraph (e), and 469.154, subdivisions 3, 4, and 5 do not apply to revenue bonds issued under this section and sections 469.152 to 469.165 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.

Subd. 8. Tax increment bonds. Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 469.102 are subject to the provisions of section 469.178.

History: 1987 c 291 s 104

469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are limited by a federal limitation act as defined in section 474A.02, subdivision 9, or existing federal law as defined in section 474A.02, subdivision 8.

History: 1987 c 291 s 105

469.105 SALE OF PROPERTY.

Subdivision 1. Power. An economic development authority may sell and convey property owned by it within the city or an economic development district if it determines that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

Subd. 2. Notice; hearing. An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that

the public may see the terms at the hearing the authority

Subd. 3. Decision; appeal. Whether the sale is advisable hearing. A taxpayer may appeal court in the city or economic the secretary of the authority ground for appeal is that it contrary to law.

Subd. 4. Terms. The use that the bidder will purchaser to file security to the sale terms and conditions use and the relation of the business and the facilities of authority's terms and conditions on the property at the same required in this section. The to be most favorable consideration authority may also sell the hearing the authority considers aims and purposes of section

Subd. 5. One-year decision purchaser shall devote the payments to the property to the authority may cancel the sale may extend the time to complete terms of sale may contain a proper to protect the public within one year of purchase

Subd. 6. Covenant run incorporate in the deed as a 469.090 to 469.108 relating authority may declare a bond district court declaring a for

Subd. 7. Plans; special purchaser gives the authority authority must approve the require preparation of final

History: 1987 c 291 s 1

469.106 ADVANCES BY

An authority may advance interest, for the objects and must be repaid from the sale the money advanced for the of the authority's general of the average annual interest are outstanding at the time money for more objects a repayment in the same manner with advanced money to principal and interest on facilities, if the rentals have Advances made to acquire authorized by law need no

the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. Decision; appeal. The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

Subd. 4. Terms. The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 469.090 to 469.108.

Subd. 5. One-year deadline. Within one year from the date of purchase, the purchaser shall devote the property to its intended use or begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.

Subd. 6. Covenant running with the land. A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 469.090 to 469.108 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

Subd. 7. Plans; specifications. A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The authority may require preparation of final plans and specifications before the hearing on the sale.

History: 1987 c 291 s 106

469.106 ADVANCES BY AUTHORITY.

An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 469.090 to 469.108. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 469.090 to 469.108 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 469.103. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 469.090 to

city may appropriate and budget the funds to administer the port authority as the city considers necessary and appropriate. The money must be budgeted, used, and accounted for according to the charter and ordinances of the city.

Subd. 5. **Marginal property.** A port authority's decision that property it seeks is marginal under section 469.058 is prima facie evidence in eminent domain proceedings that the property is marginal. The decision must be made in a resolution. The resolution must state the characteristics that the authority thinks makes the property marginal. The port authority resolution must then be approved by city council resolution.

Subd. 6. **Industrial development powers.** The port authority has the powers granted to port authorities by sections 469.152 to 469.165. The powers may be exercised within and outside its corporate limits. The exercise of the powers is subject to approval by resolution of the city council.

Subd. 7. **Bond interest.** Revenue bonds issued by the port authority may be negotiated and sold at a price resulting in an average annual net interest rate on the bonds of not more than seven percent per year computed to the stated maturities.

Subd. 8. **No assessments; improvement districts.** The port authority must not levy special assessments or establish local improvement districts. The city of Winona, or its port authority with the approval by resolution of the city council, may exercise the powers in section 471.191 to acquire and to improve recreational land, buildings, and facilities within or outside their corporate limits.

Subd. 9. **Surplus funds.** On or before October 15 in each year the port authority shall report to the city council the amount of surplus funds that are in its judgment available for transfer to the sinking fund for any general obligation bonds of the authority, to reduce tax levies to pay the bonds. The council shall then decide by resolution what amount to transfer.

Subd. 10. **Wisconsin real property.** The port authority may purchase or lease real property in Wisconsin for barge fleetings or for recreation activities or for both.

Subd. 11. **Transfer of city property to port.** The city of Winona may transfer, with or without consideration and on other terms the city council considers desirable, its interest in any real property, including fee title, to the port authority of Winona. The transfer must be authorized by ordinance. The ordinance must contain the following:

- (1) the general location and the specific legal description of the property;
- (2) a finding by the city council that the real property is marginal under section 469.058, supported by reference to one or more of the conditions listed in section 469.048, subdivision 5;
- (3) a statement as to the consideration, or absence of it, to be received by the city at the time of transfer; and
- (4) other information considered appropriate by the city council.

A conveyance of fee title under this subdivision must be by quitclaim deed.

History: 1987 c 291 s 90

ECONOMIC DEVELOPMENT AUTHORITIES

469.090 DEFINITIONS.

Subdivision 1. **Generally.** In sections 469.090 to 469.108, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **Authority.** "Authority" means an economic development authority.

Subd. 3. **City.** "City" means a home rule charter or statutory city.

Subd. 4. **Development.** "Development" includes redevelopment, and "developing" includes redeveloping.

Subd. 5. **Cost of redevelopment.** "Cost of redevelopment" means, with respect to an economic development district project, the cost of:

469.090 ECONOMIC DEVELOPMENT

- (1) acquiring property, whether by purchase, lease, condemnation, or otherwise;
- (2) demolishing or removing structures or other improvements on acquired properties;
- (3) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;
- (4) constructing or installing public improvements, including streets, roads, and utilities;
- (5) providing relocation benefits to the occupants of acquired properties;
- (6) planning, engineering, legal, and other services necessary to carry out the functions listed in clauses (1) to (5); and
- (7) the allocated administrative expenses of the authority for the project.

History: 1987 c 291 s 91

469.091 ECONOMIC DEVELOPMENT AUTHORITY.

Subdivision 1. Establishment. A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 469.093, establish an economic development authority that, subject to section 469.092, has the powers contained in sections 469.090 to 469.108 and the powers of a housing and redevelopment authority under sections 469.001 to 469.047 or other law, and of a city under sections 469.124 to 469.134 or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in sections 469.001 to 469.047 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by sections 469.001 to 469.047 or other law.

Subd. 2. Characteristics. An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

History: 1987 c 291 s 92

469.092 LIMIT OF POWERS.

Subdivision 1. Resolution. The enabling resolution may impose the following limits upon the actions of the authority:

- (1) that the authority must not exercise any specified powers contained in sections 469.001 to 469.047, 469.090 to 469.108, and 469.124 to 469.134 or that the authority must not exercise any powers without the prior approval of the city council;
- (2) that, except when previously pledged by the authority, the city council may by resolution require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;
- (3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;
- (4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;
- (5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;
- (6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;
- (7) that the authority submit its administrative structure and management practices to the city council for approval; and
- (8) any other limitation or control established by the city council by the enabling resolution.

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Subd. 2. **Modification of resolution.** The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with this section.

Subd. 3. **Report on resolution.** Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 469.093.

Subd. 4. **Compliance.** The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. **Limits; security.** Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

History: 1987 c 291 s 93

469.093 PROCEDURAL REQUIREMENT.

Subdivision 1. **Enabling resolution.** The creation of an authority by a city must be by written resolution referred to as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

Subd. 2. **Modifications.** All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

History: 1987 c 291 s 94

469.094 TRANSFER OF AUTHORITY.

Subdivision 1. **Economic development, housing, redevelopment powers.** The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under sections 469.001 to 469.047 and 469.090 to 469.108 between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.

Subd. 2. **Project control, authority, operation.** The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 469.174, subdivision 8, or any other program or project authorized by sections 469.001 to 469.047 or sections 469.124 to 469.134 located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

Subd. 3. Transfer of personnel. Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

History: 1987 c 291 s 95

469.095 COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.

Subdivision 1. Commissioners. Except as provided in subdivision 2, paragraph (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 469.093 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

Subd. 2. Appointment, terms; vacancies. (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.

(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, five, and six years respectively. Thereafter all commissioners shall be appointed for six-year terms.

(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.

(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.

(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in paragraphs (a), (b), and (c).

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.

Subd. 3. Increase in commission members. An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 469.093.

Subd. 4. Compensation and reimbursement. A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

Subd. 5. Removal for cause. A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall

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removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

History: 1987 c 291 s 96

469.096 OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.

Subdivision 1. Bylaws, rules, seal. An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. Officers. An authority shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. Duties and powers. The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

Subd. 4. Treasurer's duties. The treasurer:

- (1) shall receive and is responsible for authority money;
- (2) is responsible for the acts of the assistant treasurer;
- (3) shall disburse authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. Assistant treasurer. The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. Treasurer's bond. The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the authority provided that the bond must not exceed \$300,000.

Subd. 7. Public money. Authority money is public money.

Subd. 8. Checks. An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. Financial statement. The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

History: 1987 c 291 s 97

469.097 EMPLOYEES; SERVICES; SUPPLIES.

Subdivision 1. Employees. An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.

Subd. 2. **Contract for services.** The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.

Subd. 3. **Legal services.** The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

Subd. 4. **Supplies.** The authority may purchase the supplies and materials it needs to carry out sections 469.090 to 469.108.

Subd. 5. **City purchasing.** An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

Subd. 6. **City facilities, services.** A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

Subd. 7. **Delegation power.** The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

History: 1987 c 291 s 98

469.098 CONFLICT OF INTEREST.

Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

History: 1987 c 291 s 99

469.099 DEPOSITORIES; DEFAULT; COLLATERAL.

Subdivision 1. **Named; bond.** Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.

Subd. 2. **One bank account.** An authority may deposit all its money from any source in one bank account.

Subd. 3. **Default; collateral.** When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.

History: 1987 c 291 s 100

469.100 OBLIGATIONS.

Subdivision 1. **Taxes and assessments prohibited.** An authority must not levy a tax or special assessment, except as otherwise provided in sections 469.090 to 469.108, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.

Subd. 2. **Budget to city.** Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

Subd. 3. **Fiscal year.** The fiscal year of the authority must be the same as the year of its city.

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Subd. 4. **Report to city.** Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

Subd. 5. **Audits.** The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

Subd. 6. **Compliance examinations.** At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

History: 1987 c 291 s 101

469.101 POWERS.

Subdivision 1. **Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 469.174, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Subd. 2. **Acquire property.** The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 469.090 to 469.108. It may hold and dispose of the property subject to the limits and conditions in sections 469.090 to 469.108. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 469.090 to 469.108. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When the property is sold it becomes subject to taxation.

Subd. 3. **Options.** The economic development authority may sign options to purchase, sell, or lease property.

Subd. 4. **Eminent domain.** The economic development authority may exercise the right of eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may take possession of property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

469.108 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

History: 1987 c 291 s 107

469.107 CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.

Subdivision 1. City tax levy. A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the gross tax capacity of taxable property in the city. The tax is not subject to levy limits. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Subd. 2. Reverse referendum. A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.

History: 1987 c 291 s 108; 1988 c 719 art 5 s 84

469.108 SPECIAL LAW; OPTIONAL USE.

A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 469.090 to 469.108. If the election is made, the powers and duties set forth in sections 469.090 to 469.108 supersede the special law and the special law must not be used after the election. The use of powers under sections 469.090 to 469.108 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 469.094.

History: 1987 c 291 s 109

AREA REDEVELOPMENT

469.109 PURPOSE.

The legislature finds that there exists in the state certain areas of substantial and persistent unemployment causing hardship to many individuals and their families and that there also exist certain rural areas where development and redevelopment should be encouraged. The legislature finds that the powers and facilities of the state government and local communities, in cooperation with the federal government, should assist rural areas and areas of substantial and chronic unemployment in planning and financing economic redevelopment by private enterprise, enabling those areas to enhance their prosperity by the establishment of stable and diversified local economies, and to provide new employment opportunities through the development and expansion of new or existing facilities and resources.

The legislature finds that the establishment of local or regional area redevelopment

agencies in Minnesota have provide plants and facilities will create new employment of depressed or underdeveloped objectives is a public purpose.

History: 1987 c 291 s 1

469.110 DEFINITIONS.

Subdivision 1. General. This section has the meaning.

Subd. 2. Authority. authority.

Subd. 3. Local agency. Local agency created or at the governing body of any local governing body.

Subd. 4. Municipality. city, county, town, or school.

Subd. 5. Governing body. or other body charged with

Subd. 6. Board. "A redevelopment agency created to 469.123.

Subd. 7. Redevelopment. within the territorial boundary of the state reasonably defined by conditions of unemployment, natural resources, or wide municipality or municipal.

Subd. 8. Federal agency. States or any department,

Subd. 9. Minnesota. : ated to the energy and economic a local agency in financing

Subd. 10. Redevelopment. site, structure, facility, or recreational, commercial, local, regional, or area red

Subd. 11. Rural area. of the rural development act with that act, shall include a population of 50,000 or more areas with a population d

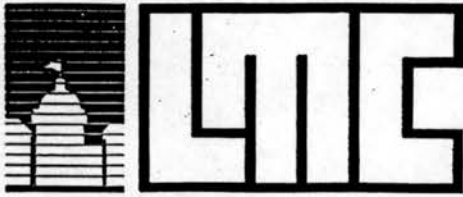
Subd. 12. Indian economic. commercial, industrial, or profit, at least 51 percent blood.

Subd. 13. Indian tribal. Law Number 93-262, sec

History: 1987 c 291 s

469.111 LOCAL OR AREA

Subdivision 1. Find



League of Minnesota Cities

183 University Ave. East
St. Paul, MN 55101-2526
(612) 227-5600 (FAX: 221-0986)

February 17, 1989

Mayor Betty Herbes
Crystal City Hall
4141 Douglas Drive
Crystal, MN 55422

Dear Mayor Herbes,

Charles DARTH visited our offices earlier this week and while here requested that we send you a general information packet on economic development authorities (EDAs). This has been enclosed. The article entitled "What Is a Port Authority?" is slightly out of date because the legislature gave all Minnesota cities the power to have the equivalent of port authorities in 1987. Nevertheless, it is a good general introduction to EDAs.

I trust this information will be helpful to you.

Sincerely,

Paula Rietz

Paula Rietz
Research Assistant

1985

What is a port authority?

F. Warren Preeshl

A port authority has a range of powers not necessarily related to shipping. A number of Minnesota cities that are not international "ports" have port authorities.

Technically, a port authority is a municipal entity established in accordance with Chapter 458 of Minnesota Statutes. One would think a port authority would exist to operate a system of docks, wharves, and loading and unloading facilities, all servicing a fleet of ships carrying the flags of many nations. In actual practice, only the Duluth Port Authority is an operating port authority, shipping Midwestern goods all over the world and receiving international imports.

All other Minnesota port authorities could just as well be called industrial development authorities. For example, the Minneapolis Community Development Agency has the powers of a port authority under Chapter 458, but its name more properly reflects its activities.

A port authority empowers a city to establish a formal industrial development commission with powers of taxation and condemnation, together with the ability to acquire land for an industrial park, and lease and operate facilities. The city may appoint a separate board of commissioners, which then conducts the affairs of the port authority under the close supervision of the city council. The board may issue bonds, with the formal approval of the council.

The St. Paul Port Authority is an outstanding example in Minnesota, and indeed across the nation, of a port authority that has developed an excellent system of originating and marketing industrial revenue bonds for industrial and commercial purposes. The city established the port authority in 1932 to administer harbor and riverfront activities. Its original ability to issue industrial bonds stemmed from a Supreme Court decision in the mid-60s authorizing it to issue industrial revenue bonds even before the general Minnesota statute, Chapter 474, took effect in 1967.

The St. Paul Port Authority began its development activities by selling general obligation bonds to acquire distressed land adjacent to Holman Field, the St. Paul airport. This land, site of the old State Street dump and adjacent housing, was cleared, filled, graded, provided with water, sewer and streets and, courtesy of the Army Corps of Engineers, protected by a flood wall from the Mississippi River.

Riverview Industrial Park, as it is now called, was carefully conceived with deed restrictions regarding plantings, maintenance of buildings, and so forth. Industrial revenue bonds encouraged industry to come into the park and use the developed land. A general property tax on the City of St. Paul supported the general obligation bonds, the return to the taxpayers being the increased tax base resulting from development. In recent years the port authority has undertaken to abate all its real estate taxes with its own revenues. Until now, the cash flow from land rentals has been a valuable financing tool to the port authority, particularly in its early years.

We hear much today of common bond funds and common reserve fund systems, and the St. Paul Port Authority initiated this concept. Typically cities issue and sell industrial revenue bonds as free-standing, self-sustaining units, payable from the revenues of the company using the facility, more recently sometimes securing them with a credit enhancement device such as a letter of credit. A trustee administers the funds on behalf of the city and should rent payments cease, the trustee forecloses on the property, sells it, and distributes the proceeds to the bondholders.

Things work differently with the St. Paul Port Authority, which issues bonds secured under their basic Resolution No. 876. Under this pooling concept, all facilities pay rent into a common bond fund and the authority pays the bondholder from this common fund. Each time the authority adds a new bond issue to the pool, it pledges the rents from the facility to the pool and, in addition, adds an amount equal to maximum debt service on each new bond issue to a common reserve fund. Therefore, the common reserve fund is always at the maximum annual debt service requirement of all bonds payable from the pool.

In addition to collecting the rents necessary to service the bonds, the port authority charges an override on every bond issue. This override, as well as the land rents, is vital to the system's operation. Should a tenant default, the flow of funds is sufficient to continue the bond payments, and a bondholder need not be concerned if a building's tenant is in default on its rent. The port authority acts as its own trustee, with much more flexibility than usual for a trustee because it can exercise independent judgment, subject only to the general constraints of the bond resolution. This means that it can find a new tenant for the facility, replenishing the stream of revenues and maintaining the strength of the system. Because of the authority's underwriting standards on the type of building it will finance, in most situations the new tenant is willing to pay more rent than the previous tenant. The system has worked well enough that revenue bonds the St. Paul Port Authority secured by basic Resolution No. 876 have a Standard & Poor rating of "A".

As interest rates have changed, on several occasions the authority has been able to refund the bonds and, in fact, all "876" bonds St. Paul Port Authority issued in 1979 or before generally have "AAA" ratings, because the authority invested refunding bond proceeds in U.S. governments. This, of course, has made bondholders very happy, and the St. Paul authority commands a ready market for its financings.

At year-end 1984, the St. Paul Port Authority had balance sheet footings of \$548,438,620 and a net worth of \$64,385,178. Earnings last year were \$5,162,150 from all sources. It took about 20 years to accomplish this, but the results are impressive, and the port authority is a valuable development arm of the city.

In recent years, the Minneapolis Community Development Agency has developed, as an additional financing tool, a common revenue bond field. To get the system up and running, it established additional reserves beyond the

common reserve. After issuing several bonds (totalling \$16,725,000) under the original pooling concept, the agency purchased credit enhancement from an insurance company, so that recent MCDA issues (totalling \$18,925,000) have an "AAA" rating, for a present total of \$35,650,000.

The Iron Range Resources and Rehabilitation Board (IRRRB) has also established a pooling concept and, through additional reserve funding and credit enhancement, its recent bond issue of \$2,540,000 has an "AAA" rating. It is important to recognize that a pooling concept only works when a city has enough bond issues each year to —

Commonly asked questions regarding port authorities

Joel Jamnik and Peter Tritz, LMC

What are port authorities?

A port authority is a statutorily created governmental subdivision originally conceived as a mechanism to promote the port, provide adequate docks, railroad and terminal facilities, and conduct development activities to improve related harbor and port facilities.

Why are port authorities beneficial?

Port authorities have certain substantial powers that cities generally do not have. Many of these powers are only minimally related to the operation of ports or harbors. The greatest focus of port authority activity has been to create and operate industrial development districts. Within these districts, the authority may condemn, clear, improve, and convey "marginal land" as defined by statute.

What are these powers?

a) **Pooled bond reserving.** In the typical industrial revenue bond arrangement, each bond issue would stand on its own. That is, a separate debt service fund or account is established for each separate issue, and that issue is payable only from that project's revenues. A port authority, however, may establish a single common bond reserve fund (M.S. 458.194, subd. 5). Under that arrangement, each project's revenues go into that common fund, and all bonds are repaid from that fund. Thus, if one particular project defaults, the bondholder still receives payment out of the revenues derived from the remaining projects. Because of this pooling effect, the security of the bonds increases, and borrowing costs decrease. Of course, this only works if there are enough bond issues in a given year to provide the necessary volume and diversity of cash flow. (The accompanying article discusses this pooling concept in more detail.)

b) **Ownership and operation of facilities.** A port authority may own, construct, and lease or sell facilities

(M.S. 458.192, subd. 10). This is in addition to the authority to acquire, clear, and resell land. A port authority may acquire land, finance and construct buildings or structures upon any such land it owns, and if deemed necessary, may install or furnish capital equipment to be located permanently or used exclusively on such lands or in such buildings, all for the purpose of leasing or selling the same to private individuals in the further industrial development of the industrial district. In effect, this is a way to maintain greater control over the type and manner of development, as well as providing another source of income to support port authority activities.

c) **Additional bonding authority.** When authorized by the city council, a port authority can issue general obligation bonds for development and redevelopment purposes, pledging the city's full faith and credit, and can make a property tax levy for bond repayment. It can do so without an election. The bonds do not count toward the city's debt limit, and the levy is not subject to any levy limits, including the per-capita limit (M.S. 458.193).

d) **Other loan and financing tools.** A port authority has some additional mechanisms available to it, including the power to act as a limited partner or to make or purchase loans for financing assistance to private industrial or commercial corporations (M.S. 458.192, subd. 4, and M.S. 458.195, subd. 8).

What else can they do?

Individual port authorities have gone to the Legislature for additional, unique powers, including:

a) The St. Paul Authority has jurisdiction over recreation and recreation facilities along the river or the abutting lands and can construct and maintain recreational facilities.

b) All port authorities can provide for membership in any official, industrial, commercial, or trade association, or any other organization concerned with such purposes; for receptions of officials or others who may contribute to

the advancement of the port district and any industrial development therein; and for such other public relations activities as will promote the same, and such activities shall be considered a public purpose.

c) Though generally the powers of a port authority may not be exercised outside the jurisdiction of the city in which the authority is located, the Winona authority has been empowered to purchase or lease land in Wisconsin.

Who has a port authority?

The city of Duluth has the only "true" port authority, but other cities have port authorities which focus almost exclusively on development projects. Most notable among these is the St. Paul Port Authority (see accompanying article). Minneapolis also can under statute, have a port authority because it is a city of the first class. All other cities require a special legislative act to form or operate as a port authority. Winona (1967), Bloomington (1980), Granite Falls (1981), South St. Paul (1982), and St. Cloud (1984) have all had special legislation passed authorizing the city either to form a port authority or grant the city council the powers of a port authority.

What does the future hold for port authorities and cities interested in obtaining port authorities?

Several cities have submitted special bills to the 1985 Legislature asking for the authority to establish or operate as a port authority. Several legislators have indicated concern about passing additional special legislation for this purpose. At least some legislators are inclined to hold off on passing any more special laws granting port authority powers, pending a general review of whether it is appropriate to extend those powers on a statewide basis. The League of Minnesota Cities has a policy to support legislation granting port authority powers to all cities in the state. ■

continued from page 9

merit a pool. If there are sufficient issues, cities should initiate the pooling concept. It takes several years for it to become a viable enhancement device, because it requires cash flow and diversification.

Smaller cities which may not need bond pooling however, still may create a formal industrial and commercial authority as Chapter 458 authorizes.

As most of us know, Congress may "sunset" small-issue commercial IDBs at the end of 1986, and all small-issue IDBs at the end of 1988. There remains, however, a possibility for extension of the "sunset." ■

Mr. Preeshl is vice president of Miller and Schroeder, Inc., a Minneapolis financial consulting firm.

Could your city's small businesses use a loan?

At a time when the federal government is considering abolishing the Small Business Administration, some of your local firms may be wondering where they'll be able to get help for expansion or other needs. If you can't assist them with direct funds, or they can't get a long enough term or low enough rates from the bank, at least you may be able

to help them get a state small business loan.

Small businesses that qualify may borrow up to \$1 million for up to 20 years at below-market interest rates from the Minnesota Small Business Development Loan Program. The program, which Governor Perpich announced at last year's League convention, remains well-funded in 1985, with about \$25 million available for long-term, low-interest loans.

The program is primarily for manufacturing or industrial businesses that have been operating at least three years, and have demonstrated a potential for growth and success. Loans awarded in 1984 went, among others, to a distribution firm in St. Michael for building construction and refrigeration equipment, a computer company in Northfield for the construction of a new manufacturing facility, and a printing firm in New Hope for land, buildings, and equipment.

Applicants must meet the SBA definition of a small business (generally, less than 500 employees), and may still receive other commercial loans in addition. Applications should be made before September 1 if possible. For more information on how to help your city's business qualify for these low-interest loans, have them call the state Department of Energy and Economic Development, (612) 296-6616.

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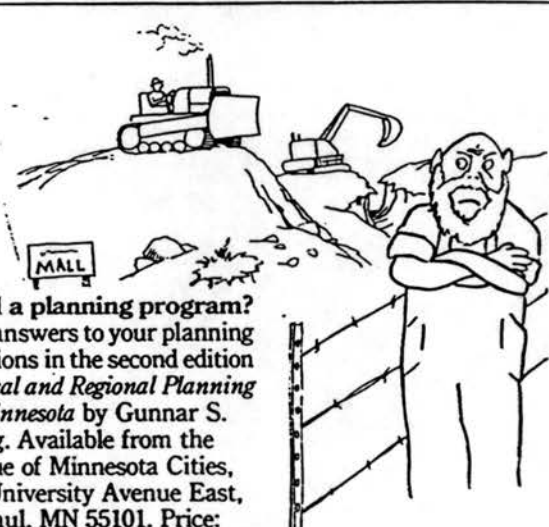
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Subd. 5. **Contracts.** The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 469.090 to 469.108. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or performing its duties. The authority may contract to purchase and sell real and personal property. An obligation or expense must not be incurred unless existing appropriations together with the reasonably expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

Subd. 6. **Limited partner.** The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

Subd. 7. **Rights; easements.** The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

Subd. 8. **Supplies; materials.** The economic development authority may buy the supplies and materials it needs to carry out this section.

Subd. 9. **Receive public property.** The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 469.090 to 469.108 and to acquire and develop an economic development district and its facilities under this section.

Subd. 10. **Development district authority.** The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may acquire, sell, or lease single or multiple tracts of land, regardless of size, to be developed as a part of the economic development of the district under sections 469.090 to 469.108.

Subd. 11. **Foreign trade zone.** The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.

Subd. 12. **Relation to other redevelopment powers.** The economic development authority may exercise powers and duties of a redevelopment agency under sections 469.152 to 469.165, for a purpose in sections 469.001 to 469.047 or 469.090 to 469.108. The authority may also use the powers and duties in sections 469.001 to 469.047 and 469.090 to 469.108 for a purpose in sections 469.152 to 469.165.

Subd. 13. **Public facilities.** The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.

Subd. 14. **Government agent.** An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 469.090 to 469.108 or any other related federal, state, or local law in the area of economic development district improvement.

Subd. 15. **Studies, analysis, research.** An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and disseminate information on economic development within the city.

Subd. 16. **Public relations.** To further an authorized purpose, an authority may (1) join an official, industrial, commercial, or trade association, or another organization;

may make contracts for it in sections 469.090 to 469.102, or any other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

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concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

Subd. 17. Accept public land. An authority may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 469.090 to 469.108.

Subd. 18. Economic development. An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.

Subd. 19. Loans in anticipation of bonds. After authorizing bonds under sections 469.102 and 469.103, an authority may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

Subd. 20. Use of proceeds. The proceeds of obligations issued by an authority under section 469.103 and temporary loans obtained under subdivision 19 may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.

Subd. 21. Mined underground space development. Upon delegation by a municipality as provided in section 469.139, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 469.135 to 469.141.

History: 1987 c 291 s 102

469.102 GENERAL OBLIGATION BONDS.

Subdivision 1. Authority; procedure. An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.090 to 469.108. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Except as otherwise provided in sections 469.090 to 469.108, the issuance of the bonds is governed by chapter 475. The authority when issuing the bonds is a municipal corporation under chapter 475.

Subd. 2. Detail; maturity. The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The

bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.

Subd. 3. **Signatures; coupons; liability.** The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer. The signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the president, engrossed, or lithographed facsimile signature of the authority's president and treasurer. The bonds do not impose any personal liability on a member of the authority.

Subd. 4. **Pledge.** The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, the amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment of the bonds from authority income from any source.

Subd. 5. **Tax levy.** An authority that issues bonds under this section, shall, in issuing them, levy a tax for each year on the taxable property in the authority. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax shall be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to assess, extend, or collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor, together with full information on the bonds for which the tax is levied. The county auditor shall extend and collect the levied tax annually until the principal and interest are paid in full. The auditor shall transfer the surplus from the excess levy in this section to a sinking fund for the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 1st in a year. The certificate must state how much available income, including the income in the sinking fund, the authority will use to pay principal or interest or both on the specified issue of the authority's bonds. The auditor shall then reduce the balance for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the treasurer as provided in chapter 276. The taxes must be used only to pay the bonds when due.

Subd. 6. **Authorized securities.** Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

History: 1987 c 291 s 103

469.103 REVENUE BONDS; PLEDGE; COVENANTS.

Subdivision 1. **Authority.** An economic development authority may declare a resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land and operate the authority, to purchase or construct facilities, to purchase, construct, or furnish capital equipment to operate a facility for economic development of the city, or to pay to extend, enlarge, or improve a project under its jurisdiction. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority

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state in a resolution how the bonds and their attached interest coupons are to be executed.

Subd. 2. **Form.** The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance, and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as determined by the authority. Section 469.102, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.

Subd. 3. **Sale.** The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.

Subd. 4. **Agreements.** The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.

Subd. 5. **Revenue pledge.** In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates, and charge for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the name facilities, and to produce and deposit sufficient net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any money required by the resolutions. The authority shall decide what constitutes "current expense" under this subdivision based on what is normal and reasonable under generally accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 469.102, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

Subd. 6. **Not city debt.** Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal or the interest on the bond.

Subd. 7. **Not applicable.** Sections 469.153, subdivision 2, paragraph (c), and 469.154, subdivisions 3, 4, and 5 do not apply to revenue bonds issued under this section and sections 469.152 to 469.165 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned to the authority to a private person.

Subd. 8. **Tax increment bonds.** Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 469.102 are subject to the provisions of section 469.178.

History: 1987 c 291 s 104

469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.01 to 469.108 that are limited by a federal limitation act as defined in section 474A.01, subdivision 9, or existing federal law as defined in section 474A.02, subdivision 8.

History: 1987 c 291 s 105

469.105 SALE OF PROPERTY.

Subdivision 1. Power. An economic development authority may sell and convey property owned by it within the city or an economic development district if it determines that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

Subd. 2. Notice; hearing. An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. Decision; appeal. The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

Subd. 4. Terms. The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 469.090 to 469.108.

Subd. 5. One-year deadline. Within one year from the date of purchase, the purchaser shall devote the property to its intended use or begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.

Subd. 6. Covenant running with the land. A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 469.090 to 469.108 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

Subd. 7. Plans; specifications. A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The authority may require preparation of final plans and specifications before the hearing on the sale.

History: 1987 c 291 s 106

authority may sell and convey development district if it determines that the sale is in the best interests of the city or district and in the best interests of economic development. The authority may sell and convey

hearing on the sale. At the least ten, but not more than notice of the hearing on the sale must be published and have general notice must describe the property to be sold. The notice must also state that the authority's office and that the sale is advisable.

its findings and decision on the sale must be recorded in the records within 30 days of the date of appeal with the district court and serving the notice on the district court. The only ground for setting aside the sale is if it was arbitrary, capricious, or

of the property must include the authority may require the purchaser to give that use. In deciding on the nature of the proposed use, the authority's city and the sale must be made on the basis of an advertisement for bids published as the notice of hearing. The bid considered by it must be for the specified intended use. The authority may negotiate a price if after its public interest and to further the

from the date of purchase, the purchaser must begin work on the improvement. If the purchaser fails to do so, the authority may return to it. The authority may consider necessary and may transfer title to the property to the purchaser.

made under this section must be in accordance with the conditions of sections 469.090 to 469.108. If the covenant is violated the authority may seek a judicial decree from the court to enforce the deed.

not be made until the purchaser has paid for the property sold. The authority may require a hearing on the sale.

The authority may require a hearing on the sale.

469.106 ADVANCES BY AUTHORITY.

An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 469.090 to 469.108. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 469.090 to 469.108 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 469.103. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 469.090 to 469.108 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

History: 1987 c 291 s 107

469.107 CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.

Subdivision 1. City tax levy. A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax is not subject to levy limits. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Subd. 2. Reverse referendum. A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.

History: 1987 c 291 s 108

469.108 SPECIAL LAW; OPTIONAL USE.

A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 469.090 to 469.108. If the election is made, the powers and duties set forth in sections 469.090 to 469.108 supersede the special law and the special law must not be used after the election. The use of powers under sections 469.090 to 469.108 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 469.094.

History: 1987 c 291 s 109

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7295
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RESOLUTION ESTABLISHING AN ECONOMIC DEVELOPMENT
AUTHORITY FOR THE CITY OF BECKER, MINNESOTA

WHEREAS:

1. The City of Becker, Minnesota ("City"), desires to encourage, attract, promote, and develop economically sound industry and commerce within the City for the prevention of unemployment in the City;
2. To these ends and for these purposes, it is necessary that there be established within the City an entity which can undertake the activities necessary to encourage, attract, promote, and develop economically sound industry and commerce within the City;
3. It is recognized that an economic development authority is a means to these ends, and that the City is authorized and empowered to establish an Economic Development Authority under the provisions of Minn. Stat. § 458C.01, et seq. ("Act");
4. The City Council for the City finds it is in the best interests of the City and its residents that the City establish an economic development authority to encourage, attract, promote, and develop economically sound industry and commerce within the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Becker, Minnesota, as follows:

1. Establishment of Commission. There is hereby established an Economic Development Authority, (hereinafter referred to as the "Authority") which shall consist of members appointed by the City Council from among the residents or freeholders of the City. The Authority shall consist of seven members, two of whom shall be members of the City Council. The members shall be appointed by the Mayor with the approval of the City Council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively, and two members for six years. Thereafter, all members shall be appointed for six-year terms.
2. Vacancies in Office. A vacancy is created in the membership of the Authority when a City Council member of the Authority ends Council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term in the manner in which the original appointment was made. The City Council may set the term of the members who are members of the City Council to coincide with their term of office as members of the City Council.
3. Removal From Office. A member may be removed by the City Council for inefficiency, neglect of duty, or misconduct in office. A member shall be removed only after a hearing before the City Council, and in accordance with the provisions of the Act.
4. Officers, Rules, Employees, Salaries, and Expenses. The Authority shall elect a president, vice president, treasurer, secretary, and an assistant treasurer, each of which shall perform the

duties of said office in the manner specified in the Act. The Authority shall elect the president, treasurer, and secretary annually. A member may not serve as president and vice president at the same time. The other offices may be held by the same officer. The offices of secretary and assistant treasurer need not be held by an authority member.

5. Adoption of By-Laws and Rules. The authority shall adopt by-laws and rules to govern its procedures and for the transaction of its business and shall keep a record of attendance at its meetings and of resolutions, transactions, findings, and determinations showing the vote of each member on each question requiring a vote; or if absent or abstaining from voting, indicating such fact. The records of the Authority shall be a public record, except for those items classified by law as non-public data. The Authority shall adopt an official seal.

6. Employment Staff. Subject to approval of the City Council and within limits set by appropriations or other funds made available, the Authority may employ such staff, technicians, and experts as may be deemed proper, and may incur such other expenses as may be necessary and proper for the conduct of its affairs. Members of the Authority shall receive a salary or fee to be determined by the City Council for their services and may receive necessary travel, per diem, and other expenses while on official business of the Authority if funds are available for this purpose.

7. Appropriations, Fees, and Other Income. The City Council shall make available to the Authority such appropriations as it deems fit for salaries, fees, and expenses necessary in the conduct of its work. The Authority shall have authority to expend all budgeted sums so appropriated and recommend the expenditures of other sums made available for its use from grants, gifts, and other sources for the purposes and activities authorized by this Resolution.

8. Functions, Powers, and Duties. Except as specifically limited by this Resolution, the Authority shall have all the authority granted it pursuant to the Act including, in general, but not limited to the following:

- a. The Authority may contract for services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.
- b. The Authority may use the services of the City Attorney for its legal needs.
- c. The Authority may purchase the supplies and materials it needs to carry out its duties.
- d. The Authority may use the facilities of the City's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

e. The Authority may create and define the boundaries of economic development districts as authorized by the Act.

f. The Authority may be a limited partner in a partnership whose purpose is consistent with the Authority's purpose.

g. The Authority may issue general obligation bonds and revenue bonds when authorized by the City Council and pledge as security for the bonds the full faith, credit, and resources of the City or such revenues as may be generated by projects undertaken by the Authority.

h. The Authority may cooperate with or act as agent for the federal or state government or a state public body, or an agency or instrumentality of a government or other public body to carry out the powers granted it by the Act or any other related federal, state, or local law in the area of economic development district improvement.

i. An Authority may study and analyze economic development needs in the City and ways to meet those needs.

j. An Authority may join an official, industrial, commercial, or trade association, or other organization concerned with such purposes, hold receptions of officials who may contribute to advancing the City and its economic development, and carry out other appropriate public relations activities to promote the City and its economic development.

k. The Authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. In general, with respect to an economic development district, the Authority may use all of the powers given an economic development authority by law.

l. The Authority may perform such other duties which may be lawfully assigned to it by the City.

All City employees shall, upon request and within a reasonable time, furnish to the Authority or its employees or agents such available records or information as may be required in its work. The Authority, or its employees or agents, may, in the performance of official duties, enter upon lands and make examinations or surveys in the same manner as other authorized City agents or employees, and shall have such other powers as are required for the performance of official functions in carrying out the purposes of this Resolution.

9. Limitations of Power. The actions of the Authority shall be limited as follows:

a. The Authority may not exercise any specific powers contained in the Act, Minn. Stat. § 462, and 472A without the prior approval of the City Council.

b. Except when previously pledged by the Authority, the City Council may, by resolution, require the Authority to transfer any portion of the reserves generated by activities of the Authority that the City Council determines are not necessary for the successful operation of the Authority, to the debt service funds of the City, to be used solely to reduce tax levies for bonded indebtedness of the City.

c. The sale of all bonds or obligations issued by the Authority shall be approved by the City Council before issuance.

d. The Authority shall follow the budget process for City departments as provided by the City and as implemented by the City Council and Mayor.

e. All official actions of the Authority must be consistent with the adopted comprehensive plan of the City and any official controls implementing the comprehensive plan.

f. The Authority shall submit all planned activities for influencing the action of other governmental agencies, subdivisions, or bodies to the City Council for approval.

g. The Authority shall submit its administrative structure and management practices to the City Council for approval.

10. Conflicts with Other Resolutions and Separability of Provisions. All resolutions or portions of resolutions in conflict herewith are repealed. Should any section of this Resolution be held unconstitutional or void, the remaining provisions shall nonetheless remain in full force and effect.

11. Effective Date. This Resolution shall take effect immediately upon its adoption as provided in the Act.

Adopted by the City Council of the City of Becker, Sherburne County, Minnesota, on _____, 1986.

CITY OF BECKER, MINNESOTA

By _____
Mayor

Attest:

City Clerk

NOTICE OF PUBLIC HEARING

Notice is hereby given that on Tuesday, September 16, 1986, the City Council for the City of Becker, Sherburne County, Minnesota, will hold a public hearing in the Becker City Hall in said City at 7 p.m. for the purpose of obtaining public comment prior to committing adoption of an enabling resolution establishing an Economic Development Authority for the City of Becker.

The Economic Development Authority ("Authority") shall consist of five or seven members, two of which shall be members of the City Council, each member, except for Council members, serving for six-year terms. The Authority shall have the power to undertake various activities to encourage and assist economic development within the City and enter such contracts as are necessary to accomplish these activities. The Authority shall also have the power to establish economic development districts within which it may assist economic development through participation in various costs of development. In order to finance these activities, the Authority shall have limited power to issue bonds. The Authority shall be required to follow the budget process for City departments, only undertake official action consistent with the City's comprehensive plan and submit its administrative structure and management practices to the City Council for approval. The Authority will have the power to issue bonds to finance its activities, or to undertake the participation in the cost of development within economic development districts but must obtain prior approval to issue such bonds. The City has limited authority to levy ad valorem taxes for the purpose of financing the activities of the Authority.

The City Council for the City of Becker invites the public to attend this important public hearing. All interested persons will be given an opportunity to be heard. Written and oral comments will be received and considered by the City Council.

By order of the City Council
for the City of Becker, MN
By Janet Boettcher
City Clerk

(Tribune, Aug. 26, Sept. 2, 1986)

Resolution No. -----

RESOLUTION ESTABLISHING AN ECONOMIC DEVELOPMENT
AUTHORITY FOR THE CITY OF SAUK CENTRE, MINNESOTA

296
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original

WHEREAS:

1. The City of Sauk Centre, Minnesota ("City"), desires to encourage, attract, promote, and develop economically sound industry and commerce within the City for the prevention of unemployment in the City;
2. To these ends it is necessary that there be established within the City an entity which can undertake the activities necessary to encourage, attract, promote, and develop economically sound industry and commerce within the City;
3. It is recognized that an economic development authority is a means to these ends, and that the City is authorized and empowered to establish an Economic Development Authority under the provisions of Minnesota Statute Section 469 et. seg. ("Act");
4. The City Council for the City finds it is in the best interest of the City and its residents that the City establish an economic development authority to encourage, attract, promote, and develop economically sound industry and commerce within the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Sauk Centre, as follows:

I. GRANT OF POWERS

- A. The City Council does hereby establish the Sauk Centre Economic Development Authority. (SCEDA)
- B. Subject to the limitation and conditions set forth in Section II, the authority is granted all powers contained in Minnesota Statute Section 469 et. seg.

II. LIMIT OF POWERS

The following limits are hereby imposed upon the actions of the Sauk Centre Economic Development Authority.

A. Resolution

1. The authority must not exercise any powers without the prior approval of the city council;
2. The sale of all bonds or obligations issued by the authority shall be approved by the city council before issuance;
3. The authority shall follow the budget process

established for city departments.

4. The actions of the authority must be consistent with the adopted comprehensive plan of the city.
5. The authority shall submit its administrative structure and management practices to the city council for approval;

B. Modification of Resolution

1. The resolution may be modified at anytime.

C. Report on Resolution

1. Without limiting the right of the authority to petition the city council at anytime, each year, within 60 days of the anniversary date the authority shall submit a report stating whether and how the enabling resolution should be modified.

III. TRANSFER OF AUTHORITY

A. Project Control, Authority, Operation

1. The city may, by resolution, transfer the control, authority, and operation of any project located within the city from the governmental agency or subdivision that established the project to the SCEDA. The SCEDA may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

B. Transfer of Personnel

1. The city council may, by resolution, place any employee of the housing and redevelopment authority under the direction, supervision, or control of the SCEDA.

IV. COMMISSIONERS

A. Appointment

1. The SCEDA shall consist of three (3) members appointed by the mayor with the approval of the city council. One shall be a member of the City Council.
2. Both Sauk Centre Opportunities and the Sauk Centre Chamber of Commerce shall suggest nominees for the other two (2) positions.

B. Terms

1. Those initially appointed shall be appointed for terms of two, four and six years respectively.
2. Thereafter all commissioners shall be appointed for six-year terms.

C. Vacancies

1. A vacancy is created in the membership when a city council member of the SCEDA ends council membership.
2. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the initial appointment was made.
3. The city council may set the term of the commissioner who is a member of the city council to coincide with their term of office as a member of the city council.

D. Increase in Commission Members

1. The authority may be increased from three to five or seven members by a resolution adopted by the city council.

E. Removal for Cause

1. A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office.
2. A commissioner shall be removed only after a hearing.
3. A copy of the charges must be given to the commissioner at least ten days before the hearing.

V. OFFICERS, ORGANIZATIONAL MATTERS

A. Bylaws, Rules, Seal

1. The SCEDA may adopt bylaws and rules of procedure.
2. The SCEDA shall adopt an official seal.

B. Officers

1. The SCEDA shall elect a president, vice president, treasurer, secretary, and assistant treasurer.
2. The SCEDA shall elect the president, treasurer, and secretary annually.
3. A commissioner must not serve as president and vice-president and the same time.
4. The other offices may be held by the same commissioners.
5. The offices of secretary and assistant treasurer need not be held by a commissioner.

VI. EMPLOYEES, SERVICES, SUPPLIES

A. Employees

1. The SCEDA may employ an executive director, a chief engineer, other technical experts and agents, and other employees it may require.
2. The SCEDA shall determine their duties, qualifications and compensation.

B. Contract for Services

1. The SCEDA may contract for the services of professionals needed to perform its duties and exercise its powers.

C. Legal Service

1. The SCEDA may use the services of the city attorney or hire a general council for its legal needs.

D. Supplies and Purchasing

1. The SCEDA may purchase the supplies and materials it needs to carry out its functions.
2. The SCEDA may use the facilities of the city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

E. City Facilities

1. The city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to the EDA.

VII. CONFLICT OF INTEREST

1. Except as authorized in section 471.88 a commissioner, officer, or employee of the SCEDA must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

VIII. OBLIGATIONS

A. Budget to the City

1. The SCEDA shall send its budget to the council at the time fixed by the charter.
2. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year.

B. Fiscal Year

1. The fiscal year of the SCEDA shall be the same as the fiscal year of the city.

C. Report to the City

1. Annually, at a time and in a form fixed by the city council, the SCEDA shall make a written report to the council.
2. The report shall give a detailed account of the SCEDA activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

D. Audit

1. The financial statements of the SCEDA must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city.
2. The report must be filed with the state auditor by the 30th of each year.

IX. ECONOMIC DEVELOPMENT DISTRICT: SCHEDULE OF POWERS

A. Establishment

1. The SCEDA may create and define the boundaries of economic development districts.
2. The SCEDA may use the powers granted to carry out its purpose.

B. Acquire Property

1. The SCEDA may acquire by lease, purchase, gift, devise or condemnation proceedings the needed right, title and interest in the property to create economic development districts.
2. Property acquired, shall be leased, owned, controlled, used, or occupied by the SCEDA is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivision.
3. The exemption only applies while the SCEDA holds property for its own purpose.

C. Options

1. The SCEDA may sign options to purchase, sell, or lease property.

D. Contracts

1. The SCEDA may make contracts for the purpose of economic development within the powers given it.

E. Limited Partner

1. The SCEDA may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

F. Rights; easements

1. The SCEDA may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

G. Supplies; materials

1. The SCEDA may buy the supplies and materials it needs.

H. Receive public property

1. The SCEDA may accept land, money, or other assistance, whether by gift, loan, or otherwise, in any form from the federal or state government, or any agency of either, or a local subdivision of state government.

I. Public Facilities

1. The SCEDA may operate and maintain a public parking facility or other public facilities to promote development in an economic development district.

X. GENERAL OBLIGATION BONDS

A. Authority

1. The SCEDA may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of the city council.
2. The bonds may be issued in anticipation of income from any source. The bonds may be issued:
 - a. to secure funds needed by the SCEDA to pay for acquired property.
 - b. for other purposes in sections 469.090 to 469.108.
3. The bonds must be in the amount and form and bear interest at the rate set by the city council.

B. Maturity

1. The 1st installment shall be due in not more than 3 years and the last in not more than 20 years from the date of issuance.

C. Detail

1. The SCEDA with the consent of the council shall set the date, denominations, place of payment, form, and details of the bonds.

D. Signatures

1. The bonds shall not impose any personal liability on a member of the SCEDA.

E. Pledge

1. The bonds shall be secured by the full faith, credit and resources of the city.
2. The SCEDA may pledge the full faith, credit and resources of the city only if the city specifically authorized the SCEDA to do so.

F. Tax Levy

1. The SCEDA that issues bonds shall, before issuing bonds, levy a tax for each year on the taxable property in the city.
2. The tax shall be for at least 5 percent more than the amount required to pay the principal and interest on the bond as the principal and interest matures.
3. The tax shall be levied annually until the principal and interest are paid in full.
4. After the bonds have been delivered to the purchasers, the tax shall not be repealed until the debt is paid.
5. The SCEDA shall transfer the surplus from the excess levy to a sinking fund after the principal and interest for which the tax was levied and collected is paid.
6. The SCEDA's bonds are instrumentalities of a public governmental agency.

XI. REVENUE BONDS

A. Authority

1. The SCEDA may decide by resolution to issue its revenue bonds either one at a time or in series from time to time.
2. The revenue bonds may be issued to provide money to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development.
3. The SCEDA shall state in the resolution how the bonds and their attached interest coupons are to be executed.

B. Revenue Pledge

1. In issuing general obligation or revenue bonds, the SCEDA may secure the payment of the principal and interest on the bonds by a pledge of and lien on authority revenue.
2. The revenue must come from the facility to be acquired, constructed, or imposed with the bond proceeds or from other facilities named in the bond authorizing resolution.

3. Revenue bonds are not a debt of the city nor a pledge of the city's full faith and credit.

XII. LEVY TAXES

A. City Tax Levy

1. The city may, at the request of the SCEDA, levy a tax in any year for the benefit of the SCEDA.
2. The tax shall not be for more than .75 mill.
3. The tax shall not be subject to levy limits.

Passed: October _____, 1988.

President

ATTEST:

City Clerk

Approved by me this _____ day of October, 1988

Mayor

BY-LAWS
OF
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

296
11/2/87

ARTICLE I

Purpose

The Cottage Grove Economic Development Authority (hereinafter the "Authority") is a public body politic and corporate and a political subdivision of the State of Minnesota. The primary purpose of the Authority is to serve as an Economic Development Authority pursuant to Minnesota Statutes 458C as amended 1986. The Authority shall be governed by all requirements of said statute, the Enabling Resolution No. 86-227 (hereinafter the "Resolution") passed by the Cottage Grove City Council and any amendments to the Resolution which may be enacted in the future.

ARTICLE II

Offices and Boundaries

1. The principal office shall be in the City Hall of the City of Cottage Grove, County of Washington, State of Minnesota.
2. The Authority may also have offices at such other places as the Commissioners of the Authority may from time to time appoint, or as the business of the Authority may require.
3. The territory in which operations of the Authority are principally to be conducted consists of the City of Cottage Grove in the County of Washington, State of Minnesota.

ARTICLE III

Board of Commissioners

1. The management of all of the affairs, property and business of the Authority shall be vested in a Board of Commissioners, consisting of five (5) persons, with at least two members of the City Council. Commissioners shall be appointed by the Mayor with the approval of the City Council.
2. The initial terms of the Commissioners shall be for two, three, four, five and six years respectively. Thereafter, all commissioners shall be appointed for six year terms.
3. The Board of Commissioners may exercise all powers of the Authority and do all such lawful acts and things as are directed or required to be done pursuant to law, the enabling resolution or pursuant to these By-Laws.

4. All vacancies in the Board of Commissioners shall be filled by Mayoral appointment with approval by the City Council. A Commissioner selected to fill any vacancy shall hold office for the balance of the unexpired term to which he or she is appointed.

5. Meetings of the Board of Commissioners shall be held at least quarterly in the principal office of the Authority in the City of Cottage Grove, State of Minnesota or at such other place as the Board may establish from time to time. At least five (5) days written notice of such meetings shall be given to the Commissioners.

6. Special meetings of the Board of Commissioners may be called at any time by the President, or, in his/her absence, by the Vice-President or by any two (2) Commissioners, to be held at the principal office of the Authority in the City of Cottage Grove, State of Minnesota, or at such other place or places as the President, Vice President or any two Commissioners calling such meeting may designate. Notice of special meetings of the Board of Commissioners shall be given to each Commissioner at least three (3) days prior to the meeting via telephone, telegram, letter or personally.

7. A quorum at all meetings of the Board of Commissioners shall consist of a majority of the whole Board, but in no case shall a quorum be less than three (3) Commissioners. Less than a quorum may, however, adjourn any meeting, which may be held on a subsequent date without further notice, provided a quorum be present at such deferred meeting.

8. Compensation for attending meetings and actual expenses shall be established from time to time by City Council Resolution.

9. All meetings of the Authority shall be open to the public.

ARTICLE IV

Officers

1. The officers of the corporation shall be a President, a Vice-President, a Secretary, a Treasurer and an Assistant Treasurer who shall be elected to one year terms. They shall hold office until their successors are elected and qualified. The President, Vice-President and Treasurer shall be members of the Board of Commissioners. No person may hold more than one (1) office. The Secretary and Assistant Treasurer need not be members of the Board of Commissioners.

2. The President shall preside at all meetings of the Authority, shall be in charge of the day-to-day operations, shall sign or counter-sign all certificates, contracts and other instruments of the Authority as authorized by the Board of Commissioners, shall make reports to the Board of Commissioners, and shall perform all such other duties as are incident to his/her office or are properly required of him/her by the Board of Commissioners.

3. The Vice-President shall exercise the functions of the President during the absence or disability of the President.

4. The Secretary shall issue notice for all meetings, except for notice of special meetings of the Board of Commissioners called at the request of Commissioners as provided herein may be issued by such Commissioners, shall keep minutes of all meetings, shall have charge of the Authority books, and shall make such reports and perform such other duties as are incident to his/her office, or are properly required to him/her by the Board of Commissioners.

5. The Treasurer shall perform all duties incident to his/her office which are properly required by the Board of Commissioners.

6. In the case of the absence or inability of any officer of the Authority to act and of any person herein authorized to act in his/her place, the Board of Commissioners may from time to time delegate the powers of duties of such officer to any other officer, or any Commissioner whom it may select.

7. Vacancies in any office arising from any cause may be filled by the Commissioners present at any regular or special meeting.

ARTICLE V

Attendance and Expenses

1. Any Commissioner who is absent from three (3) consecutive duly called meetings of the Board shall be deemed to have resigned unless the absentee provides a satisfactory explanation to the President and the President so notes such explanations in the records of the Authority.

2. Commissioners and officers shall be entitled to reimbursement for all reasonable travel and related expense incurred in attendance at meetings and in the performance of duties on behalf of the Authority. Schedules of reimbursable expense shall be established by the Authority from time to time, as ratified by the City Council.

ARTICLE VI

Finance and Administration

1. The monies of the Authority shall be deposited in the name of the Authority in such bank or banks as the Board of Commissioners shall designate, and shall be drawn out only by check signed by two persons designated by resolution by the Board of Commissioners.

2. The fiscal year of the Authority shall be the same as the fiscal year of the City of Cottage Grove.

3. The nature, number, and qualification of the staff required by the authority to conduct its business according to these By-Laws shall be annually determined by the Board of Commissioners. Any agreement shall set forth in

reasonable detail the nature of the services to be performed, the cost basis for such services and the payment to be made by the Authority. Included within the service to be provided under this arrangement shall be necessary contacts with prospective applicants, involved financial institutions, federal or state agencies and the keeping of necessary books of account and records in connection with the Authority business.

4. The books and records of the Authority shall be kept at the "Authority" office in the City of Cottage Grove and State of Minnesota.

5. The affairs of the Authority shall be limited to promoting the growth and development of commercial and industrial concerns in the City of Cottage Grove.

ARTICLE VII

Powers

The Authority may exercise all of its powers, subject to the limitations contained in Article VIII, as are contained in the laws applicable to economic development authorities or housing and redevelopment authorities including but not limited to the following.

1. The Enabling Act, Minnesota Statutes, Chapter 484C.

2. The Housing Act, Minnesota Statutes, Chapter 462.

3. Agency powers contained in the Development Act, Minnesota Statutes, Chapter 472A.

4. The powers of a redevelopment agency contained in the Industrial Bond Act, Minnesota Statutes, Chapter 474.

5. The powers of a City contained in the Housing Finance Act, provided that such powers authorized by ordinance of the City Council pursuant to Minn. Stat. 462C.02, subd. 6 of the Housing Finance Act.

6. The powers of an authority contained in the Tax Increment Act, Minnesota Statutes, Chapter 273.

ARTICLE VIII

Limit of Powers

1. The sale of all bonds issued by the Authority must be approved by the City Council before issuance.

2. The ability of the Authority to participate as a limited partner in development project must have prior approval of the City Council.
3. All official actions of the Authority must be consistent with the adopted Comprehensive Plan of the City, and any official controls implementing the comprehensive plan.
4. The Authority must submit administrative structure and management practices to the City Council for approval and conduct its affairs consistent with those structures and management practices.

ARTICLE IX

Annual Report and Budget

1. The Authority shall prepare an annual report describing its activities and providing an accurate statement of its financial condition. Said report shall be prepared and submitted to the City of Cottage Grove by March 1st each year.
2. The Authority shall prepare an annual budget projecting anticipated expenses and sources of revenue. Said budget shall be prepared and submitted to the City of Cottage Grove by May 1st each year.

ARTICLE X

Notices

1. Whenever the provisions of the statute or these By-Laws require notice to be given to any Commissioner or officer, they shall not be construed to require personal notice; such notice may be given in writing by depositing the same at the post office, postage prepaid, addressed to such Commissioner at his or her address as the same appears in the books of the Authority, and the time when the same shall be mailed shall be deemed to be the time of giving of such notice.
2. A waiver of any Notice in writing, signed by a Commissioner, whether before or after the time stated in said Waiver for holding a meeting, shall be deemed equivalent to a Notice required to be given to any Commissioner.

ARTICLE XI

Staff

1. The Authority shall at all times, as specified and directed by the Board of Commissioners, make available professional staff as needed for carrying out the purposes of this Authority. "Staff" shall include city employees and other qualified individuals or organizations, who may from time to time contract with the Authority to provide professional legal, accounting and technical assistance services to the Authority.

2. The Staff have the capability to package, process, close and service business financial assistance transactions which the Authority may participate in while pursuing the purposes of the Authority.

The Staff shall be available to receive visitors or respond to business matters over the telephone during normal business hours.

The Staff shall have the capability to provide management advice and services to business concerns in the territory of the Authority, which assistance, when provided, shall further the purposes of the Authority.

The Staff shall also have professional management, legal and accounting capabilities sufficient to insure the proper and efficient operation of the Authority.

3. The number of the Staff shall be as determined by the Board of Commissioners, provided, however, that this number shall be sufficient to meet the requirements of Section 2 of this Article.

Regardless of the number of the Staff, the Staff shall be qualified, based upon education, experience in the opinion of the Board of Commissioners to meet the provisions of Section 2 of this Article.

ARTICLE XII

Seal

1. The official seal of the Authority shall be in the form affixed hereto.

ARTICLE XIII

Indemnification

1. The Authority shall have the power to indemnify any persons, whether officers, Commissioners, employees, agents or other persons acting for or on behalf of the Authority in respect to any and all matters or actions for which indemnification is permitted by the laws of the State of Minnesota, including, without limitation, liability for expenses incurred in defending against actions commenced or threatened.

2. The Authority may purchase and maintain insurance for claims arising out of the actions taken by the Authority and its members, or any threatened claim against the Authority or persons described in paragraph 1 of this Article.

ARTICLE XIV

Amendment of By-Laws

1. Alterations, amendments or repeal of the By-Laws may be made by a majority of the Commissioners entitled to vote at any meeting, if the notice of


such meeting contains a statement of the proposed alteration, amendment or repeal after ratification by the City Council. Notice of any alteration, amendment or repeal of the By-Laws shall be given in writing to each Commissioner at least five (5) days prior to the meeting at which said proposed alteration, amendment or repeal shall be considered.

ARTICLE XV

Miscellaneous

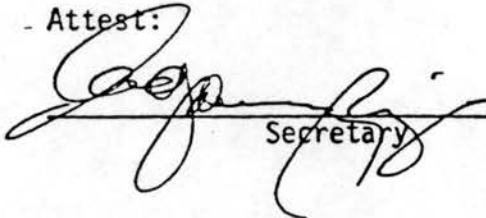
1. All meetings of the Authority shall be governed by Roberts Rules of Order, Revised.
2. The Authority shall adopt and maintain a conflict of interest policy which shall be applicable to all actions to be taken by the Commissioners or officers.

Passed this 10th day of August 1987.



President

Attest:



Secretary

BY-LAWS
OF
GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

296
Miscellaneous

ARTICLE I

Purpose

The Grand Rapids Economic Development Authority is a public body politic and corporate and a political subdivision of the State of Minnesota. The primary purpose of the Authority is to serve as an Economic Development Authority pursuant to Minnesota Statutes 458C. The authority shall be governed by all requirements of said statute, the Enabling Resolution No. 86-82 passed by the Grand Rapids City Council and any amendments to the Enabling Resolution which may be enacted. The affairs of the Authority shall include, but not be limited to, promoting growth and development of commercial and industrial concerns in the City of Grand Rapids.

ARTICLE II

Office and Boundaries

1. The principal office shall be at the City Hall of the City of Grand Rapids, County of Itasca, State of Minnesota.
2. The territory in which operations of the corporation are principally to be conducted consists of corporate municipal boundaries of the City of Grand Rapids, in the State of Minnesota.

ARTICLE III

Board of Commissioners

1. The management of all of the affairs, property and business of the Authority shall be vested in a Board of Commissioners, consisting of five (5) persons. The City Council members shall be appointed by the Mayor to serve as commissioners of the EDA on approval of the City Council.
2. The terms of the Commissioners shall be concurrent with the Council members terms of office.
3. The Board of Commissioners may exercise all powers of the Authority and do all such lawful acts and things as are required or permitted to be done pursuant to law, the enabling resolution or pursuant to these by-laws.
4. Meetings of the Board of Commissioners shall be held at least quarterly in the principal office of the Authority in the City of Grand Rapids, State of Minnesota, or at such other place as the Board may establish from time to time. A calendar of meetings shall be set at the first meeting of the year.
5. Special meetings of the Board of Commissioners may be called at any time by the President, or, in his absence, by the Vice-President or by any two (2) Commissioners, to be held at the principal office of the Authority in the City of Grand Rapids, State of Minnesota, or at such other place or places as the Authority may from time to time designate. Notice of special meetings of the Board of Commissioners shall be given to each Commissioner at least 24 hours prior to the meeting as per Article X.

6. A quorum at all meetings of the Board of Commissioners shall consist of a majority of the whole board, but in no case shall a quorum be less than three Commissioners. Less than a quorum may, however, adjourn any meetings, which may be held on a subsequent date without further notice, provided a quorum is present at such deferred meeting.

7. No stated salary shall be paid Commissioners for their services, but, by subsequent resolution of the Board of Commissioners, expenses may be reimbursed for attendance at each regular or special meeting of such Board; provided nothing herein contained shall be construed to preclude any Commissioner from serving the Authority in any capacity and receiving compensation therefor. Salaries may be set by Council according to M.S. 458C.08, Subd. 4.

ARTICLE IV

Officers

1. The officers of the corporation shall be a President, Vice-President, Treasurer and an Assistant Treasurer. The officers shall be elected to a one-year term. They shall hold office until their successors are elected and qualified. The President, Vice-President and Treasurer shall be members of the Board of Commissioners. The Secretary and Assistant Treasurer need not be a member of the Board of Commissioners and shall be appointed by the Board.

2. The President shall preside at all meetings of the Authority, shall be in charge of the day-to-day operations, shall sign or counter-sign all certificates, contracts and other instruments of the Authority as authorized by the Board of Commissioners, shall make reports to the Board of Commissioners, and shall perform all such other duties as are incident to the office or are properly required of the officer by the Board of Commissioners.

3. The Vice-President shall exercise the functions of the President during the absence or disability of the President.

4. The Secretary shall issue notice for all meetings, except that notice for meetings of Commissioners called at the request of Commissioners as provided in M.S. 458C.09, Subd. 4, may be issued by such Commissioners, shall keep minutes of all meetings, shall have charge of the Authority books, and shall make such reports and perform all other duties as are incident to this office, or are properly required by the Board of Commissioners.

5. The Treasurer shall perform all duties incident to the office which are required of the Treasurer by the Board of Commissioners as set forth in M.S. 458C.09, Subd. 4.

6. In the case of the absence or inability to act of any officer of the Authority and of any person herein authorized to act in place of the officer, the Board of Commissioners may from time to time delegate the powers and duties of such officer to any other officer, or any Commissioner whom it may select.

7. Vacancies in any office arising from any cause may be filled by the Board of Commissioners at any regular or special meeting.

8. The fees, if any, of all contracted agents of the Authority shall be fixed by the Board of Commissioners.

ARTICLE V

Attendance and Expenses

1. Commissioners and officers shall be entitled to reimbursement for all reasonable travel and related expense incurred in attendance at meetings and in the performance of duties on behalf of the Authority. Schedules of reimbursable expense shall be established by the Authority from time to time.

ARTICLE VI

Finance and Administration

1. The monies of the Authority shall be deposited in the name of the Authority in official city depositories, and shall be drawn out only by check signed by persons designated by resolution by the Board of Commissioners.
2. The fiscal year of the Authority shall be the same as the fiscal year of the municipality.
3. The nature, number and qualification of the staff required by the authority to conduct its business according to these by-laws shall comply with Minnesota Statutes 458.C.10.
4. The books and records of the Authority shall be kept at the Authority office in the City of Grand Rapids and State of Minnesota.

ARTICLE VII

Powers

1. The Authority may exercise all of the powers contained in the Enabling Act, Minnesota Statutes, Chapter 458 C. Amended 1986.
2. The Authority may exercise all of the powers contained in the Housing Act, Minnesota Statutes, Chapter 462.
3. The Authority may exercise all of the powers of an Agency contained in the Development Act, Minnesota Statutes, Chapter 472A.
4. The Authority may exercise all of the powers of a redevelopment agency contained in the Industrial Bond Act, Minnesota Statutes, Chapter 474.
5. The Authority may exercise all of the powers of a city contained in the Housing Finance Act, provided authorized to do so by ordinance of the Council pursuant to Section 462C.02, Subdivision 6 of the Housing Finance Act.
6. The Authority may exercise all of the powers of an authority contained in the Tax Increment Act, Minnesota Statutes, Chapter 273.
7. The Authority may exercise such powers as may be contained in other laws applicable to economic development authorities or housing and redevelopment authorities not specifically described herein.

ARTICLE VIII

Limit of Powers

1. The sale of all bonds issued or levying of taxes by the authority must be approved by the City Council before issuance.
2. The ability of the Authority to participate as a limited partner in a development project must have prior approval of the City Council.
3. All official actions of the Authority must be consistent with the adopted comprehensive plan of the City, and any official controls implementing the comprehensive plan.
4. The Authority must submit administrative structure and management practices to the City Council for approval.

ARTICLE IX

Annual Report and Budget

1. The Authority shall prepare an annual report describing its activities and providing an accurate statement of its financial condition, together with additional matters and recommendations it deems advisable for the economic development of the city. Said report shall be prepared and submitted to the City of Grand Rapids by March 1 each year.
2. The Authority shall prepare an annual budget projecting anticipated expense and sources of revenue. Said report shall be prepared and submitted to the City of Grand Rapids by September 1 each year.

ARTICLE X

Notices

1. At least one day before the meeting, the secretary shall notify each member of the time, place and purpose of the meeting by phone or written notice delivered to the member personally or by leaving a copy at the home of the member with some person of suitable age and discretion. Special meetings may be set without prior written notice when all commission members are present at the meeting or consent in writing or by phone to the secretary.

ARTICLE XI

Staff

1. An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.
2. The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.
3. The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

4. A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

5. The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

ARTICLE XII

Seal

1. The official seal of the Authority shall be in the form affixed hereto.

ARTICLE XIII

Indemnification

1. The authority shall have the power to indemnify officers, Commissioners, - and employees, acting for or on behalf of the Authority in respect to any and all matters or actions for which and to the extent that indemnification is permitted by the laws of the State of Minnesota.

2. In its discretion the Authority may purchase insurance in conjunction with the indemnification provisions of Section 1 above.

ARTICLE XIV

Amendment of By-Laws

1. Alterations, amendments or repeal of the By-Laws may be made by a majority of the Commissioners entitled to vote at any meeting, if the notice of such meeting contains a statement of the proposed alteration, amendment or repeal. Notice of any alteration, amendment or repeal of the By-Laws shall be given in writing to each Commissioner at least ten (10) days prior to the meeting at which said proposed alteration, amendment or repeal shall be considered.

ARTICLE XV

Miscellaneous

1. All meetings of the Authority shall be governed by Roberts Rules of Order, Revised.

2. Except as authorized in section 471.88 a Commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

ECONOMIC DEVELOPMENT AUTHORITIES

469.090. Definitions

Subdivision 1. Generally. In sections 469.090 to 469.108, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. Authority. "Authority" means an economic development authority.

Subd. 3. City. "City" means a home rule charter or statutory city.

Subd. 4. Development. "Development" includes redevelopment, and "developing" includes redeveloping.

Subd. 5. Cost of redevelopment. "Cost of redevelopment" means, with respect to an economic development district project, the cost of:

- (1) acquiring property, whether by purchase, lease, condemnation, or otherwise;
- (2) demolishing or removing structures or other improvements on acquired properties;
- (3) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;
- (4) constructing or installing public improvements, including streets, roads, and utilities;
- (5) providing relocation benefits to the occupants of acquired properties;
- (6) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (1) to (5); and
- (7) the allocated administrative expenses of the authority for the project.

Laws 1987, c. 291, § 91.

469.091. Economic development authority

Subdivision 1. Establishment. A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 469.093, establish an economic development authority that, subject to section 469.092, has the powers contained in sections 469.090 to 469.108 and the powers of a housing and redevelopment authority under sections 469.001 to 469.047 or other law, and of a city under sections 469.124 to 469.134 or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in sections 469.001 to 469.047 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by sections 469.001 to 469.047 or other law.

Subd. 2. Characteristics. An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

Laws 1987, c. 291, § 92.

469.092. Limit of powers

Subdivision 1. Resolution. The enabling resolution may impose the following limits upon the actions of the authority:

- (1) that the authority must not exercise any specified powers contained in sections 469.001 to 469.047, 469.090 to 469.108, and 469.124 to 469.134 or that the authority must not exercise any powers without the prior approval of the city council;
- (2) that, except when previously pledged by the authority, the city council may by resolution require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;

(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;

(4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. Modification of resolution. The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with this section.

Subd. 3. Report on resolution. Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 469.093.

Subd. 4. Compliance. The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. Limits; security. Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

Laws 1987, c. 291, § 93.

469.093. Procedural requirement

Subdivision 1. Enabling resolution. The creation of an authority by a city must be by written resolution referred to as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

Subd. 2. Modifications. All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

Laws 1987, c. 291, § 94.

469.094. Transfer of authority

Subdivision 1. Economic development, housing, redevelopment powers. The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under sections 469.001 to 469.047 and 469.090 to 469.108 between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.

the control, authority, and operation of any project as defined in section 469.174, subdivision 8, or any other program or project authorized by sections 469.001 to 469.047 or sections 469.124 to 469.134 located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

Subd. 3. Transfer of personnel. Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

Laws 1987, c. 291, § 95.

469.095. Commissioners; appointment, terms, vacancies, pay, removal

Subdivision 1. Commissioners. Except as provided in subdivision 2, paragraph (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 469.093 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

Subd. 2. Appointment, terms; vacancies. (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.

(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, five, and six years respectively. Thereafter all commissioners shall be appointed for six-year terms.

(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.

(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.

(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in paragraphs (a), (b), and (c).

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original

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appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.

Subd. 3. Increase in commission members. An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 469.093.

Subd. 4. Compensation and reimbursement. A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

Subd. 5. Removal for cause. A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

Laws 1987, c. 291, § 96.

469.096. Officers; duties; organizational matters

Subdivision 1. Bylaws, rules, seal. An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. Officers. An authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. Duties and powers. The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

Subd. 4. Treasurer's duties. The treasurer:

(1) shall receive and is responsible for authority money;

(2) is responsible for the acts of the assistant treasurer;

(3) shall disburse authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. Assistant treasurer. The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. Treasurer's bond. The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the authority provided that the bond must not exceed \$300,000.

Subd. 7. Public money. Authority money is public money.

Subd. 8. Checks. An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. Financial statement. The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

Laws 1987, c. 291, § 97.

469.097. Employees; services; supplies

Subdivision 1. Employees. An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.

Subd. 2. Contract for services. The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.

Subd. 3. Legal services. The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

Subd. 4. Supplies. The authority may purchase the supplies and materials it needs to carry out sections 469.090 to 469.108.

Subd. 5. City purchasing. An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

Subd. 6. City facilities, services. A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

Subd. 7. Delegation power. The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

Laws 1987, c. 291, § 98.

469.098. Conflict of interest

Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

Laws 1987, c. 291, § 99.

469.099. Depositories; default; collateral

Subdivision 1. Named; bond. Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.

Subd. 2. One bank account. An authority may deposit all its money from any source in one bank account.

Subd. 3. Default; collateral. When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or

other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.

Laws 1987, c. 291, § 100.

469.100. Obligations

Subdivision 1. Taxes and assessments prohibited. An authority must not levy a tax or special assessment, except as otherwise provided in sections 469.090 to 469.108, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.

Subd. 2. Budget to city. Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

Subd. 3. Fiscal year. The fiscal year of the authority must be the same as the fiscal year of its city.

Subd. 4. Report to city. Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

Subd. 5. Audits. The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

Subd. 6. Compliance examinations. At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

Laws 1987, c. 291, § 101.

469.101. Powers

Subdivision 1. Establishment. An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 469.174, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Subd. 2. Acquire property. The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 469.090 to 469.108. It may hold and dispose of the property subject to the limits and conditions in sections 469.090 to 469.108. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 469.090 to 469.108. Property acquired,

owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When the property is sold it becomes subject to taxation.

Subd. 3. Options. The economic development authority may sign options to purchase, sell, or lease property.

Subd. 4. Eminent domain. The economic development authority may exercise the right of eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may take possession of property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

Subd. 5. Contracts. The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 469.090 to 469.108. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or performing its duties. The authority may contract to purchase and sell real and personal property. An obligation or expense must not be incurred unless existing appropriations together with the reasonably expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

Subd. 6. Limited partner. The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

Subd. 7. Rights; easements. The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

Subd. 8. Supplies; materials. The economic development authority may buy the supplies and materials it needs to carry out this section.

Subd. 9. Receive public property. The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 469.090 to 469.108 and to acquire and develop an economic development district and its facilities under this section.

Subd. 10. Development district authority. The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may acquire, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 469.090 to 469.108.

Subd. 11. Foreign trade zone. The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.

Subd. 12. Relation to other redevelopment powers. The economic development authority may exercise powers and duties of a redevelopment agency under sections 469.152 to 469.165, for a purpose in sections 469.001 to 469.047 or 469.090 to 469.108. The authority may also use the powers and duties in sections 469.001 to 469.047 and 469.090 to 469.108 for a purpose in sections 469.152 to 469.165.

Subd. 13. Public facilities. The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.

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Subd. 14. Government agent. An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 469.090 to 469.108 or any other related federal, state, or local law in the area of economic development district improvement.

Subd. 15. Studies, analysis, research. An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and disseminate information on economic development within the city.

Subd. 16. Public relations. To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

Subd. 17. Accept public land. An authority may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 469.090 to 469.108.

Subd. 18. Economic development. An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.

Subd. 19. Loans in anticipation of bonds. After authorizing bonds under sections 469.102 and 469.103, an authority may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

Subd. 20. Use of proceeds. The proceeds of obligations issued by an authority under section 469.103 and temporary loans obtained under subdivision 19 may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.

Subd. 21. Mined underground space development. Upon delegation by a municipality as provided in section 469.139, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 469.135 to 469.141.

Subd. 22. Secondary market. An authority may sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.

Laws 1987, c. 291, § 102. Amended by Laws 1988, c. 580, § 5.

1988 Legislation

The 1988 amendment added subd. 22.

469.102. General obligation bonds

Subdivision 1. Authority; procedure. An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.090 to 469.108. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Except as otherwise provided in sections 469.090 to 469.108, the issuance of the bonds is governed by chapter 475. The authority when issuing the bonds is a municipal corporation under chapter 475.

Subd. 2. Detail; maturity. The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.

Subd. 3. Signatures; coupons; liability. The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.

Subd. 4. Pledge. The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, the amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

Subd. 5. Tax levy. An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor, together with full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income, including the amount in the sinking fund, the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer as provided in chapter 276. The taxes must be used only to pay the bonds when due.

Subd. 6. Authorized securities. Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance

company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

Laws 1987, c. 291, § 103.

469.103. Revenue bonds; pledge; covenants

Subdivision 1. Authority. An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

Subd. 2. Form. The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance, and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as determined by the authority. Section 469.102, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.

Subd. 3. Sale. The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.

Subd. 4. Agreements. The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.

Subd. 5. Revenue pledge. In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates, and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and deposit sufficient net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what constitutes "current expense" under this subdivision based on what is normal and reasonable under generally accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 469.102, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

Subd. 6. Not city debt. Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.

Subd. 7. Not applicable. Sections 469.153, subdivision 2, paragraph (e), and 469.154, subdivisions 3, 4, and 5 do not apply to revenue bonds issued under this section and sections 469.152 to 469.165 if the interest on the revenue bonds is subject to both state

and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.

Subd. 8. Tax increment bonds. Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 469.102 are subject to the provisions of section 469.178.

Laws 1987, c. 291, § 104.

469.104. Sections that apply if federal limit applies

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are limited by a federal limitation act as defined in section 474A.02, subdivision 9, or existing federal law as defined in section 474A.02, subdivision 8.

Laws 1987, c. 291, § 105.

469.105. Sale of property

Subdivision 1. Power. An economic development authority may sell and convey property owned by it within the city or an economic development district if it determines that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

Subd. 2. Notice; hearing. An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. Decision; appeal. The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

Subd. 4. Terms. The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 469.090 to 469.108.

Subd. 5. One-year deadline. Within one year from the date of purchase, the purchaser shall devote the property to its intended use or begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.

Subd. 6. Covenant running with the land. A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 469.090 to 469.108 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

Subd. 7. Plans; specifications. A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The authority may require preparation of final plans and specifications before the hearing on the sale.

Laws 1987, c. 291, § 106.

469.106. Advances by authority

An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 469.090 to 469.108. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 469.090 to 469.108 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 469.103. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 469.090 to 469.108 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

Laws 1987, c. 291, § 107.

469.107. City may levy taxes for economic development authority

Subdivision 1. City tax levy. A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the gross tax capacity of taxable property in the city. The tax is not subject to levy limits. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Subd. 2. Reverse referendum. A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.

Laws 1987, c. 291, § 108. Amended by Laws 1988, c. 719, art. 5, § 84.

469.108. Special law; optional use

A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the

powers granted in sections 469.090 to 469.108. If the election is made, the powers and duties set forth in sections 469.090 to 469.108 supersede the special law and the special law must not be used after the election. The use of powers under sections 469.090 to 469.108 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 469.094.

Laws 1987, c. 291, § 109.

AREA REDEVELOPMENT

469.109. Purpose

The legislature finds that there exists in the state certain areas of substantial and persistent unemployment causing hardship to many individuals and their families and that there also exist certain rural areas where development and redevelopment should be encouraged. The legislature finds that the powers and facilities of the state government and local communities, in cooperation with the federal government, should assist rural areas and areas of substantial and chronic unemployment in planning and financing economic redevelopment by private enterprise, enabling those areas to enhance their prosperity by the establishment of stable and diversified local economies, and to provide new employment opportunities through the development and expansion of new or existing facilities and resources.

The legislature finds that the establishment of local or regional area redevelopment agencies in Minnesota having the power to acquire, build, lease, sell, or otherwise provide plants and facilities for industrial, recreational, or commercial development will create new employment and promote economic redevelopment of rural areas and of depressed or underdeveloped areas in the state, and that the accomplishment of these objectives is a public purpose for which public money may be spent.

Laws 1987, c. 291, § 110.

469.110. Definitions

Subdivision 1. Generally. In sections 469.109 to 469.123, the terms defined in this section have the meanings given them herein, unless the context indicates otherwise.

Subd. 2. Authority. "Authority" means the energy and economic development authority.

Subd. 3. Local agency. "Local agency" means the area or municipal redevelopment agencies created or authorized to be created by sections 469.109 to 469.123, or the governing body of any Indian tribe or any entity established and recognized by that governing body.

Subd. 4. Municipality. "Municipality" means any home rule charter or statutory city, county, town, or school district.

Subd. 5. Governing body. "Governing body" means the council, board of trustees, or other body charged with governing any municipality.

Subd. 6. Board. "Board" means the governing body of any local or area redevelopment agency created in accordance with the provisions of sections 469.109 to 469.123.

Subd. 7. Redevelopment area. "Redevelopment area" means a depressed area within the territorial boundaries of any municipality or group of municipalities of the state reasonably defined by the local or area redevelopment agency wherein critical conditions of unemployment, underdevelopment, economic depression, depletion of natural resources, or widespread reliance on public assistance are found to exist by the municipality or municipalities.

Subd. 8. Federal agency. "Federal agency" means the government of the United States or any department, corporation, agency or instrumentality thereof.

RESOLUTION NO. 1988-273

ENABLING RESOLUTION ESTABLISHING AN
ECONOMIC DEVELOPMENT AUTHORITY UNDER
MINNESOTA STATUTES, SECTIONS 469.090 TO
469.108.

WHEREAS, Minnesota Statutes, Sections 469.090 to 469.108, authorizes cities to establish Economic Development Authorities ("EDA") with specified powers and obligations to promote and to provide incentives for economic development; and

WHEREAS, the City Council of the City of Brooklyn Park, Minnesota (the "City") has determined that it is in the best interest to establish an EDA in order to preserve and create jobs, enhance its tax base, and to promote the general welfare of the people of the City and to assume primary responsibility for development activities within the City; and

WHEREAS, the City has provided public notice and conducted a public hearing on October 24, 1988 concerning the establishment of an EDA and has fulfilled all other legal requirements for the establishment of an EDA.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BROOKLYN PARK:

1. An EDA with all of the powers, rights, duties, and obligations as set forth in Minnesota Statutes, Sections 469.090 to 469.108, and other law is hereby established in and for the City.
2. The EDA shall be governed by a board of seven (7) commissioners who shall be the members of the City Council and elected and qualified in the same manner as the members of the City Council.
3. Nothing shall prevent the City from modifying this enabling resolution to impose limits on the powers of the EDA or provide for other matters as authorized by Minnesota Statutes, Sections 469.090 to 469.108 or other law.

The foregoing resolution was introduced by Council Member Slack and duly seconded by Council Member Dix.


The following voted in favor of the resolution: Krautkremer, Marshall, Engh, Slack, Pearson, Gustafson and Dix.

The following voted against: None.

The following were absent: None.

Whereupon the resolution was adopted.

ADOPTED: OCTOBER 24, 1988


JAMES KRAUTKREMER, MAYOR

CERTIFICATE

STATE OF MINNESOTA
COUNTY OF HENNEPIN
CITY OF BROOKLYN PARK

I, the undersigned, being the duly qualified and acting Clerk of the City of Brooklyn Park, Minnesota, hereby certify that the above resolution is a true and correct copy of the resolution as adopted by the City Council of the City of Brooklyn Park on October 24, 1988.

WITNESS my hand officially as such Clerk and the corporate seal of the City this 25th day of October, 1988.


MYRNA MAIKKULA, CITY CLERK

(SEAL)

RESOLUTION NO. 89-64

ENABLING RESOLUTION ESTABLISHING AN
ECONOMIC DEVELOPMENT AUTHORITY UNDER
MINNESOTA STATUTES, SECTIONS 469.090 TO 469.108.

WHEREAS, Minnesota Statutes, Chapter 469 authorizes cities to establish Economic Development Authorities ("EDA") with specified powers and obligations to promote and to provide incentives for economic development; and

WHEREAS, the City Council of the City of New Hope, Minnesota (the "City") has determined that it is in the best interest of the City to promote the general welfare of the people of the City; and

WHEREAS, the City has provided public notice and conducted a public hearing on March 27, 1989 concerning the establishment of an EDA and has fulfilled all other legal requirements for the establishment of an EDA.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of New Hope as follows:

1. An EDA with all of the powers, rights, duties and obligations as set forth in Minnesota Statutes, Sections 469.090 to 469.108 and other law is hereby established in and for the City.

2. The EDA shall be governed by a board of five (5) commissioners who shall be the members of the City Council and elected and qualified in the same manner as the members of the City Council.

3. Each commissioner shall be compensated for attendance at each EDA meeting in the amount of \$25.00 per meeting.

4. Nothing shall prevent the City from modifying this enabling resolution to impose limits on the powers of the EDA or provide for other matters as authorized by Minnesota Statutes, Sections 469.090 to 469.108 or other law.

Adopted by the Council this 27th day of March, 1989.

Edw. J. Erickson, Mayor

Attest: _____

Daniel J. Donahue
Daniel J. Donahue, Acting City Clerk

EDA RESOLUTION NO. 89-1

ORGANIZATIONAL RESOLUTION OF THE BOARD OF
COMMISSIONERS OF THE ECONOMIC DEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF NEW HOPE, MINNESOTA
AND APPOINTING OFFICERS

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of New Hope, Minnesota (the "EDA"), as follows:

1. Recitals. All actions required by the applicable provisions of Economic Development Authorities, Minnesota Statutes, Sections 469.090 to 469.108 inclusive, have been duly taken in order to create, constitute and activate the EDA.

2. Appointment of Officers. In accordance with Minnesota Statutes, Section 469.092, the Board hereby appoints to the following offices of the EDA the following persons, respectively:

President:	Edward J. Erickson
Vice President:	W. Peter Enck
Secretary:	Daniel J. Donahue
Treasurer:	W. Peter Enck
Assistant Treasurer:	Daniel J. Donahue

3. Adoption of By-Laws. In accordance with Minnesota Statutes, Section 469.096, the Board hereby adopts By-Laws in the form attached hereto as Exhibit A.

4. Appointment of Executive Director and Clerk. That pursuant to Section 2.8 of the By-Laws, Daniel J. Donahue is hereby appointed Executive Director of the EDA and pursuant to Section 2.9 of the By-Laws, Valerie Leone is hereby appointed Clerk of the EDA.

5. Execution of Checks. That pursuant to Section 4.3 of the By-Laws, checks shall be executed by the Treasurer and Assistant Treasurer.

6. Effective Date. This resolution shall be effective as of the date the resolution of the New Hope City Council activating the EDA becomes effective.

Adopted by the Council this 27th day of March, 1989.

Edw. J. Erickson, President

Attest:

Daniel J. Donahue
Daniel J. Donahue, Secretary

Exhibit A

BY-LAWS OF THE ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF NEW HOPE, MINNESOTA

1. The Authority

Section 1.1. Name of the Authority. The name of the Authority shall be the Economic Development Authority in and for the City of New Hope, Minnesota (hereinafter the "Authority"), and its governing body shall be called the Board of Commissioners (hereinafter the "Board").

Section 1.2. Office. The principal office of the Authority shall be the New Hope City Hall.

Section 1.3. Seal. The Authority shall have an official seal.

2. Organization

Section 2.1. Officers. The officers of the Authority shall consist of a President, a Vice President, a Secretary, a Treasurer, an Assistant Treasurer, an Executive Director, and a Clerk. The President, the Vice President, and the Treasurer shall be members of the Board and shall be elected annually, and no Commissioner may serve as President and Vice President at the same time. The offices of Secretary, Assistant Treasurer, Executive Director and Clerk need not be held by a Commissioner.

Section 2.2. President. The President shall preside at all meetings of the Board.

Section 2.3. Vice President. The Vice President shall preside at any meeting of the Board in the absence of the President and may exercise all powers and perform all responsibilities of the President if the President cannot exercise or perform the same due to absence or other inability.

Section 2.4. President Pro Tem. In the event of the absence or inability of the President and the Vice President at any meeting, the Board may appoint any remaining Commissioner as President Pro Tem to preside at such meeting.

Section 2.5. Treasurer. The Treasurer shall receive and be responsible for Authority money, shall disburse authority money by check only, keep an account of all Authority receipts and disbursements and the nature and purpose relating thereto, shall

file the Authority's financial statement with its secretary at least once a year as set by the Authority, and be responsible for the acts of the assistant treasurer.

Section 2.6. Assistant Treasurer. The Assistant Treasurer shall have all the powers and duties of the Treasurer if the Treasurer is absent or disabled.

Section 2.7. Secretary. In the absence of the Clerk, the Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

Section 2.8. Executive Director. The Executive Director shall be appointed by resolution and shall serve at the pleasure of the Board of Commissioners, shall be the chief appointed executive officer of the Authority, and shall have such additional responsibilities and authority as the Board may from time to time by resolution prescribe.

Section 2.9. Clerk. The Clerk shall be appointed by resolution of the Board and shall be the official recording officer of the Authority and the Board. The Clerk shall be responsible for recording and maintaining accurate records of the meetings of the Board and of all official actions taken by or on behalf of the Authority.

3. Procedures of Board of Commissioners

Section 3.1. Annual Meeting/Regular Meeting. The annual meeting of the Board shall be held on the second Monday of the month of January in each year immediately after adjournment of the New Hope City Council meeting. Said meeting shall also constitute the Board's regular meeting except for additional regular meeting dates as shall be designated by the Board by resolution.

Section 3.2. Special Meetings. Special meetings of the Board may be called by the President or, in the event of the President's absence or inability, by the Vice President at any time, upon three days prior notice to all Commissioners and the Clerk and Executive Director. Upon the same notice, special meetings of the Board may also be called by any two Commissioners. The Clerk shall post notice of any special meeting in the principal office of the Authority no less than three days prior to such special meeting.

Section 3.3. Quorum. A quorum of the five member Board shall consist of three Commissioners. In the absence of a quorum, no official action may be taken by, on behalf of, or in the name of the Board or the Authority.

Section 3.4. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present. Resolutions may but need not be read aloud prior to vote taken thereon and may but need not be executed after passage.

Section 3.5. Rules of Order. The meetings of the Board shall be governed by the most recent edition of Robert's Rules of Order.

4. Miscellaneous

Section 4.1. Fiscal Year. The fiscal year of the Authority shall be the calendar year.

Section 4.2. Treasurer's Bond. The Treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the Authority and filed with the Secretary and must be for twice the amount of money likely to be on hand at any one time as determined at least annually by the Authority, provided, however, that said bond must not exceed \$300,000.00.

Section 4.3. Checks. An Authority check must be signed by the Treasurer and one other official named by the Authority in a resolution. The check must state the name of the payee and the nature for which the check was issued.

Section 4.4. Financial Statement. The Authority shall examine the financial statement together with the treasurer's vouchers, which financial statement shall disclose all receipts and disbursements, their nature, money on hand and the purposes to which it shall be applied, the Authority's credits and assets and its outstanding liabilities. If the Authority finds the financial statement and treasurer's vouchers to be correct, it shall approve them by resolution.

Section 4.5. Report to City. The Authority shall annually make a report to the City Council giving a detailed account of its activities and of its receipts and expenditures for the preceding calendar year.

Section 4.6. Budget to City. The Authority shall annually send its budget to the City Council which budget includes a written estimate of the amount of money needed by the Authority

from the City in order for the Authority to conduct business during the upcoming fiscal year.

Section 4.7. Transfer of Personnel. Notwithstanding any other law or charter provision to the contrary, the City Council may, by resolution, place any employees of the Housing and Redevelopment Authority under the direction, supervision or control of the Authority. This transfer of personnel does not affect the rights of any employees of the housing and redevelopment authority. The employees shall become employees of the Authority.

Section 4.8. Employees. The Authority may employ an executive director, a chief engineer, technical experts and agents and other employees as it may require and determine their duties, qualifications and compensation.

Section 4.9. Services. The Authority may contract for the services of consultants, agents, public accountants, attorneys and others as needed to perform its duties and to exercise its powers. The Authority may also use the services of the City Attorney.

Section 4.10. Supplies, Purchasing, Facilities and Services. The Authority may purchase the supplies and materials it needs. The Authority may use the facilities of the City's purchasing department. The City may furnish offices, structures and space, stenographic, clerical, engineering and other assistance to the Authority.

Section 4.11. Execution of Contracts. All contracts, notes, and other written agreements or instruments to which the Authority is a party or signatory or by which the Authority may be bound shall be executed by the President and the Executive Director or by such other Commissioners or Officers of the Authority as the Board may by resolution prescribe.

Section 4.12. Amendment of By-Laws. These By-Laws may be amended by the Board by majority vote of all the Commissioners, provided that any such proposed amendment shall first have been delivered to each Commissioner at least five days prior to the meeting at which such amendment is considered.

Dated: March 27, 1989.

Edw. J. Erickson, President

Attest:


Daniel J. Donahue, Secretary