



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

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.

Barlene

SPECIAL WORK SESSION/COUNCIL AGENDA

April 27, 1989

Pursuant to due call and notice given in the manner prescribed by Section 3.01 of the City Charter, the Special Meeting of the Crystal City Council was held on April 27, 1989, at 7:30 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
A Smothers
P Langsdorf

Staff

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

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

The following Commission members were present:

Planning Commission: Elsen, Feyereisen, Nystrom, Kamp, Anderson

Human Relations: ~~Wester~~ West, Ekret, Luzaich

Park & Rec Advisory Comm: Reid

Charter Commission: Irving, McIntoma, Garber, Anderson, Feyereisen.

The Crystal HRA roll was called and the following were present: Gates, Irving, McIntoma, Garber, Moravec.

Crystal Citizen Shirley Lundgren, address appeared and was heard.

The City Attorney explained the establishment and function of both a Housing and Redevelopment Authority and an Economic Development Authority.

The City Council discussed the implementation of an Economic Development Authority for the City of Crystal *with the ~~plap~~ Commissioners and citizens in attendance.*

Moved by Councilmember ~~_____~~ and seconded by Councilmember _____ to adjourn the meeting.

Motion Carried.

Meeting adjourned at by the Mayor at 8:45 p.m.



4141 Douglas Drive North • Crystal, MN 55422-1696 • 537-8421

ADMINISTRATIVE OFFICE

April 6, 1989

TO: ALL CITY COMMISSIONS

FROM: Darlene George, City Clerk *D.G.*

RE: Special Meeting of the Crystal City Council
April 27, 1989
7:30 P.M.
Community Room, Crystal City Hall

A Special Meeting of the Crystal City Council has been called for April 27, 1989 to discuss the implementation of an Economic Development Authority for the City of Crystal.

The City Council extends an invitation to all City commissions to attend this meeting to obtain their input.

cc: Jerry Dulgar,
City Manager

LeFevere
Lefler
Kennedy
O'Brien &
Drawz

a Professional
Association

2000 First Bank Place West
Minneapolis
Minnesota 55402

Telephone (612) 333-0543
Telecopier (612) 333-0540

J. Dennis O'Brien
John E. Drawz
David J. Kennedy
Joseph E. Hamilton
John B. Dean
Glenn E. Purdue
Richard J. Schieffer
Charles L. LeFevere
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 Dular
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

28.4

* 296

Mr. Jerry Dulgar
February 1, 1989
Page 2

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

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~~

Jerry

LeFevere
Lefler
Kennedy
O'Brien &
Drawz

a Professional
Association

2000 First Bank Place West
Minneapolis
Minnesota 55402

Telephone (612) 333-0543
Telecopier (612) 333-0540

J. Dennis O'Brien
John E. Drawz
David J. Kennedy
Joseph E. Hamilton
John B. Dean
Glenn E. Purdue
Richard J. Schieffer
Charles L. LeFevere
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 28, 1989

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

Re: HRA - EDA

Dear Jerry:

At the last Council meeting Mayor Herbes asked for additional information about Economic Development Authorities and the procedure for centralizing HRA and economic development powers of the City in a single agency, an Economic Development Authority (EDA) composed of Councilmembers. As I mentioned then, my letter of February 1, 1989 (copy enclosed) sets out the basic procedure, and I'll try to supplement it as best I can.

I think the best analysis of the EDA act for the Council is the enclosed summary by Briggs & Morgan, a law firm in St. Paul. As I mentioned in my letter (and as pointed out on p. 75 of the B & M memo) there are some technical difficulties with the EDA Act most if not all of which can be dealt with in one way or another. These are:

- a. TIF - Tax Increment Financing by an EDA can only be done in areas of the City meeting the "blight" test of the TIF Act (substandard buildings, bad soils, etc.). This would not affect TIF projects thus far considered by the City or the HRA (Bass Lake Road, 36th and 100, the Spartan Store site near Corvallis) since those areas qualify. (The Nafsted site could possibly qualify as a "soils" redevelopment district, but that is not certain.) But it would mean that the EDA could not do "economic development", or "housing" TIF Projects, neither of which the City or the

HRA has yet considered. But it is possible to so structure the EDA that the City would retain the ability to finance such projects under the Municipal Development District Act and assign their administration to the EDA, and some cities have done just that. In addition, the Legislature is considering (somewhat favorably, I hear) amendments to the EDA law to clear up this and other problems listed below.

- b. General Obligation Bonds. The EDA may not issue general obligation bonds (i.e. bonds pledging the City's taxing power) without an election, but I think it would be a rare thing for the EDA to issue such bonds. The key financing tool for economic development is TIF, and under that procedure the city issues the G.O. Bonds and no election is required.
- c. Term of Bonds. Any bonds (G.O. or pure revenue) issued by the EDA would be limited to a 20 year term rather than the standard 30 years. Again in the Crystal context it is most unlikely that the EDA would issue its own bonds.

I think that there are two basic policy issues to be considered in the proposal to establish an EDA. First, does the creation of an EDA give the City powers to do things not possible under the present HRA structure? Second, is it desirable to have an identity of membership on the City Council and the development authority of the City?

- 1. We have worked with many cities to establish EDA's. In each case it was done to enable the City to accomplish something it could not do under the HRA set-up. In Brooklyn Center the City needed authority to own and lease buildings for commercial use. In Lake City it was done to facilitate the funding of an economic development director position from the increased mill levy (tax capacity rate) possible under an EDA. In Brainerd, it was done for both of the above reasons plus to enable the City to participate financially with developers using loans and grants.

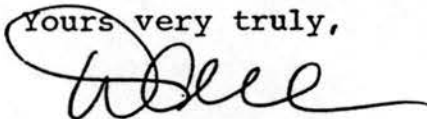
Mr. Jerry Dulgar
February 28, 1989
Page 3

Other cities we represent have concluded that they have either alone or in conjunction with an active HRA all powers necessary to deal with development matters. The Council must, of course, decide this issue but based on experience thus far in Crystal, the HRA - Council arrangement seems to have been adequate for our needs.

2. Some cities (Minnetonka, St. Louis Park) have established EDA's because of a felt need to have development activities directed by elected rather than appointed policy makers, and for this reason it is common practice in many cities to have the City Councilmembers serve as HRA members. (As I pointed out in my previous letter, this could be accomplished in Crystal by filling vacancies in the HRA as they occur with Councilmembers, but it would take some time and only five could be on the HRA.) I really can't offer any suggestions on this second point since it is purely a matter of policy for the Council.

I understand that the HRA expressed interest in reviewing this material and you may wish to forward it to the Authority.

Yours very truly,



David J. Kennedy

DJK:caw

Enclosure

LLKOLT06.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.