



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA  
MAY 10, 2021  
6:00 PM

DUNDAS CITY HALL/CITY COUNCIL CHAMBERS

1. CALL TO ORDER/ROLL CALL
2. APPROVAL OF AGENDA
3. APPROVAL OF MINUTES
4. BILLS AND COMMUNICATIONS
5. REPORTS
6. UNFINISHED BUSINESS
7. NEW BUSINESS
  - a. Consider Resolution 2021-01 A Resolution Organizing the Economic Development Authority
  - b. Consider Adopting Bylaws
  - c. Consider Setting Future Meeting Schedule
8. ADJOURN

## MEMORANDUM

To: Dundas Economic Development Authority

From: Jared Shepherd, Campbell Knutson, P.A.

Date: 5/5/2021

Re: First Meeting of the Economic Development Authority (May 10, 2021)

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On May 10, 1999, the City Council of the City of Dundas adopted Resolution No. 99-07, an enabling resolution to establish an Economic Development Authority (“EDA”) within Dundas. Since that time, the EDA has been dormant. On April 26, 2021, the City Council adopted Resolution No. 2021-12, acknowledging and reactivating the Dundas Economic Development Authority. Resolution No. 2021-12 does not alter or amend Resolution No. 99-07.

As originally formed, the EDA is governed by a board of five (5) commissioners, comprised of the Mayor and the members of the City Council. The Council needs to appoint officers. The offices of Assistant Treasurer and Secretary need not be held by a Commissioner.

At the first meeting, the City should approve and organizing resolution and adopt new bylaws, as recommended by staff.

Staff has also provided some resources on Economic Development Authorities for the EDA’s review.

### **Attachments:**

Resolution No. 99-07

Resolution No. 2021-12

EDA Resolution No. 2021-01

Bylaws of the Economic Development Authority of the City of Dundas

EDA Resources

RESOLUTION NO. 99-07

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

WHEREAS, Minnesota Statutes, Sections 469.090 to 469.108, inclusive, as amended, authorizes cities to establish economic development authorities with specified powers and obligations to promote and to provide incentives for economic development;

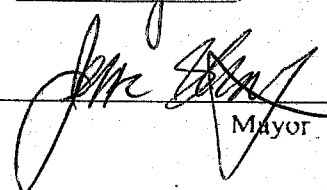
WHEREAS, the City Council of the City of Dundas, Minnesota (the "City") has determined that it is in its best interest to establish the Economic Development Authority (the "EDA") within the City in order to preserve and create jobs, enhance its tax base, and to promote the general welfare of the people of the City; and

WHEREAS, the City has provided public notice and conducted a public hearing on April 26, 1999 concerning the establishment of the EDA and has fulfilled all other legal requirements for the establishment of the EDA.

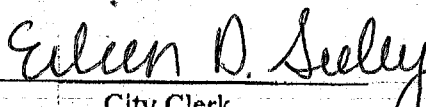
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DUNDAS:

1. The EDA with all of the powers, rights, duties, and obligations as set forth in Minnesota Statutes, Sections 469.090 to 469.108, inclusive, as amended, and other law and to be further set forth by ordinance adopted by the City Council, is hereby established in and for the City.
2. The EDA shall be governed by a board of five (5) commissioners, comprised of the Mayor and members of the City Council.
3. The City hereby transfers to the EDA all control, authority and operation of the City's Development District No. 1 and all underlying tax increment financing districts. Pursuant to Minnesota Statutes, Section 469.094, subd. 2, the EDA may exercise all of the powers that the City would have with respect to Development District No. 1 and the underlying tax increment financing districts.
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, inclusive, as amended, or other law.

Adopted by the City Council this 10 day of May, 1999.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

**BY-LAWS OF THE ECONOMIC DEVELOPMENT AUTHORITY  
OF THE  
CITY OF DUNDAS, MINNESOTA**

**1. The Authority**

Section 1.1. Name of the Authority. The name of the Authority shall be the City of Dundas Economic Development Authority (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 Dundas City Hall.

Section 1.3. Seal. The Authority shall not 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, and an Executive Director. 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, and Executive Director 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 to preside 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. 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 Commissioner, shall be the chief appointed executive office of the Authority, and shall have such additional responsibilities and authority as the Board may from time to time by resolution prescribe.

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

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 City under the direction, supervision or control of the Authority. This transfer of personnel does not affect the rights of any employees of the City. The employees shall become employees of the Authority.

Section 4.8. Employees. The Authority may employ 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 and others as needed to perform its duties and to exercise its powers. The Authority may also use the services of the City Attorney or hire a general counsel, as determined by the Authority.

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/or 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.

**CITY OF DUNDAS  
COUNTY OF RICE  
STATE OF MINNESOTA**

**RESOLUTION NUMBER 2021-12**

*A Resolution Acknowledging and Reactivating the  
Dundas Economic Development Authority*

**WHEREAS**, after notice and public hearing, on May 10, 1999, the Dundas City Council (the "Council") adopted Resolution No. 99-07 establishing an Economic Development Authority within the City of Dundas, pursuant to Minnesota Statutes Ch. 469; and

**WHEREAS**, the Economic Development Authority, was formed in principle, but has taken no formal action; and

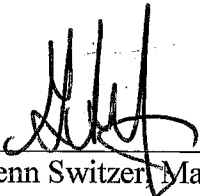
**WHEREAS**, the Council recognizes the need to reactivate the Economic Development Authority for the benefit of the City of Dundas;

**NOW THEREFORE, BE IT RESOLVED** by the City Council of Dundas, Minnesota, as follows that:

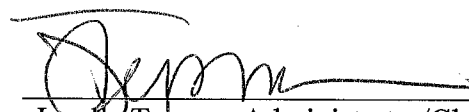
1. The City Council acknowledges the need to promote economic development within the City of Dundas, including through the Economic Development Authority.
2. The City Council desires that the Economic Development Authority formally reactivate and commence regular meetings, adopt new by-laws, elect officers, and establish programs and plans for economic development activities within the City.

**ADOPTED**, by the City Council of Dundas, Minnesota, on this 26th day of April 2021.

**CITY OF DUNDAS BY:**

  
\_\_\_\_\_  
Glenn Switzer, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Jenelle Teppen, Administrator/Clerk

Resolution 2021-12

CITY OF DUNDAS  
COUNTY OF RICE  
STATE OF MINNESOTA

RESOLUTION NO. 2021-01

*RESOLUTION ORGANIZING THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY  
OF DUNDAS, MINNESOTA*

IT IS HEREBY RESOLVED by the Board of Commissioners (the “Board”) of the Economic Development Authority of the City of Dundas, Minnesota (the “EDA”) as follows:

1. Recitals.

- (a) On May 10, 1999, the City of Dundas, Minnesota (“City”), acting through its City Council adopted an enabling resolution, Resolution No. 99-07, establishing the EDA pursuant to Minnesota Statutes, Sections 469.09 through 469.108.
- (b) On April 26, 2021, the City through this City Council, adopted Resolution No. 2021-12, which reactivated the EDA.
- (c) The Board wishes to provide for the basic organization of the DA, including appointment of officers and adoption of Bylaws.

2. Adoption of Bylaws and Appointment of Officers. The Board hereby (1) approves the Bylaws of the EDA, as presented on the date hereof for the Board’s consideration at its meeting on May 10, 2021, hereby superseding any previous Bylaws or understandings, and (2) appoints and approves the following officers of the EDA:

President: Glenn Switzer  
Vice-President: \_\_\_\_\_  
Secretary: \_\_\_\_\_  
Treasurer: \_\_\_\_\_  
Assistant Treasurer: \_\_\_\_\_

The President shall be the chief presiding officer of the Board and shall have other such responsibilities as may be required by law or conferred on the President by Resolution of the Board. In the absence of the President, the Vice-President shall assume all of said responsibilities of the President. The offices of President, Treasurer, and Secretary shall be elected annually, as required by law. The Secretary shall act as the chief recording officer for the Board and shall maintain a file of minutes of Board meetings and resolutions.

3. Regular Meetings of the Board. The Board's regular meetings shall be held at such times as the Board may designate.

The following Boardmembers were present:

and the following were absent:

The motion for the adoption of the foregoing resolution was introduced by Boardmember \_\_\_\_\_ and was duly seconded by Boardmember \_\_\_\_\_ and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted and was signed by the President and Secretary.

Adopted by the Board of Commissioners on May 10, 2021.

By: \_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary



BYLAWS OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF  
DUNDAS, MINNESOTA

ARTICLE I – THE AUTHORITY

Section 1. Name of Authority. The name of the Authority shall be the “Economic Development Authority of the City of Dundas, Minnesota (which may sometimes be referred to as the “EDA” or the “Authority”), and its governing Body shall be called the Board of Commissioners (the “Board”). The Board shall be the body responsible for the general governance of the Authority and shall conduct its official business at meetings thereof.

Section 2. Seal of Authority. As required by Minnesota Statutes, Section 469.096, Subdivision 1, the Authority shall have an official seal, which shall be in the form depicted on Exhibit A.

Section 3. Offices of Authority. The offices of the Authority shall be the Dundas City Hall, 100 Railway Street N, Dundas, MN 55019.

ARTICLE II – OFFICERS

Section 1. Officers. The officers of the Authority shall be a President, a Vice-President, a Treasurer, an Assistant Treasurer, and a Secretary. The President, the Vice-President and the Treasurer shall be members of the Board and shall be elected annually, and no Commissioner may be both President and Vice-President simultaneously. The Assistant Treasurer and the Secretary need not be members of the Board.

Section 2. President. The President shall preside at all meetings of the Board.

Section 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 inability.

Section 4. Secretary. 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 5. Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such bank or banks as the Board may select. The Treasurer and the President shall sign all orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the Board. The Treasurer shall keep regular books of accounts showing receipts and expenditures and shall render to the Board, at least annually (or more often if requested), an account of such transactions and also of the financial condition of the Authority. The Treasurer shall post a bond as required by Minnesota Statutes, Section 469.096, subd. 6.

Section 6. Assistant Treasurer. The Assistant Treasurer shall act as the Treasurer's agent and assistant to perform the above-described duties, subject to the Treasurer's approval thereof.

Section 7. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Board or by the bylaws or rules and regulations of the Authority.

Section 8. Vacancies. Should the office of any officer become vacant, the Board shall elect a successor at the next regular meeting, or at a special meeting called for such purpose, and such election shall be for the unexpired term of said officer.

Section 9. Additional Personnel. The Board may from time to time employ such personal as it deems necessary to exercise its power, duties, and functions. The selection and compensation of such personnel shall be determined by the Board.

### ARTICLE III – MEETINGS

Section 1. Regular Meetings. The regular meetings of the Board shall occur according to a meeting schedule, if any, adopted or revised from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board may be called by the President or any two members of the Board for the purpose of transacting any business designated in the notice. The notice for a special meeting may be delivered at any time prior to the time of the proposed meeting to each member of the Board or may be mailed to the business or home address of each member of the Board at least three (3) days prior to the date of such special meeting. At such special meeting no business shall be considered other than as designated in the notice. Notice of any special meeting shall be posted and/or published as may be required by law.

Section 3. Quorum. The powers of the Authority shall be vested in the Board. Three Commissioners shall constitute a quorum for the purpose of conducting the business and exercising the powers of the Authority and for all other purposes, but a small number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Board upon a majority vote of the Commissioners present.

### ARTICLE IV – MISCELLANEOUS

Section 4. Order of Business. At the regular meetings of the Board the following shall be the order of business:

1. Roll call.
2. Adoption of Agenda.
3. Approval of the minutes of the previous meeting.
4. Bills and Communications.
5. Reports.
6. Unfinished Business.

7. New Business.
8. Adjournment.

All resolutions shall be written or transcribed and shall be retained in the journal of the proceedings maintained by the Secretary.

Section 5. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present, unless a different requirement for adoption is prescribed by law. Resolutions may but need not be read aloud prior to vote taken thereon and may, but need not, be executed after passage.

Section 6. Rules of Order. The meetings of the Board may be governed by the Robert's Rules of Order or any other method of organization and decorum set by the President as presiding officer.

#### ARTICLE IV – ACTIVITIES

Section 1. Budget to the City. The Authority shall annually send its budget to the City council, which budgets 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 year. The Authority shall follow the budget process for City departments as provided by the City and as implemented by the City Council.

Section 2. Services. The Authority may contract for the services of consultants, agents, public accountants, and others as needed to perform its duties and to exercise its powers. The Authority may also use the services of the City Attorney or hire a general counsel, as determined by the Authority.

Section 3. 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. Committees. The Board may establish Committees or Sub-Committees, as needed, to carry out the direction of the Board and the purposes of the Authority.

Section 5. 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/or the Executive Director or by such other Commissioners or Officers of the Authority as the Board may by resolution prescribe.

#### ARTICLE V – MISCELLANEOUS

Section 1. Amendments to Bylaws. The bylaws of the Authority shall be amended only by resolution approved by at least three of the members of the Board.

Section 2. Fiscal year. The fiscal year of the Authority shall coincide with the fiscal year of the City of Dundas, Minnesota.

Adopted on May 10, 2021.

**EXHIBIT A**

Form of Official Seal



HANDBOOK FOR MINNESOTA CITIES

**Chapter 14**  
**Community Development and**  
**Redevelopment**

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This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

**RELEVANT LINKS:**

Minn. Stat. § 469.003, subs. 4, 6, 7.  
Minn. Stat. § 469.013 subd. 2.

Minn. Stat. § 469.013 subd. 2.

Minn. Stat. § 469.013.

24 C.F.R. 982.51.

Minnesota Department of Employment and Economic Development: The Economic Development Authorities Handbook.

Minn. Stat. § 469.091.  
Minn. Stat. § 469.093.

The law states that the principal and interest on bonds are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds.

## **8. HRA certifications to state**

The following documents relating to the establishment and activities of local HRAs must be filed with the DEED commissioner:

- Resolution of need.
- Certificates of appointment or reappointment of HRA commissioners.
- Low-rent public housing project and management plans.

The following additional documents relating to local HRA activities may also be requested by the DEED commissioner:

- Project reports.
- Applications for federal assistance.
- Contracts with federal agencies.
- Redevelopment plans.

In addition, annual financial reports must go to the state auditor, DEED commissioner, and the city council.

## **9. HRA federal certification**

In order for a local HRA to use federal Department of Housing and Urban Development (HUD) assistance programs, it must submit a transcript of organizational documents to the HUD area office.

## **C. Economic development authorities**

An economic development authority (EDA) is a legal entity created by a city to facilitate a well-rounded program for business assistance and development projects.

All cities and townships have authority from the Minnesota Legislature to create economic development authorities (EDA). The city may consolidate an EDA with an existing HRA or the city may grant HRA powers to the EDA. The city council may create an EDA by passing an enabling resolution. Before adopting the enabling resolution, the city must first conduct a public hearing.

**RELEVANT LINKS:**

Minn. Stat. § 469.095.

The enabling resolution establishes a board of commissioners for the EDA. The city council can choose to serve as the EDA board of commissioners or create a board composed of community members. The mayor, with approval of the council, appoints the commissioners. The board may consist of three, five or seven members who serve six-year terms. The board is subject to the Open Meeting Law.

Minn. Stat. § 469.107.

**1. EDA levies**

As discussed above, an EDA levy differs from an HRA levy. It is not a levy raised by the EDA — it is a levy set by a city at the request of the EDA.

Minn. Stat. § 469.107.

Minnesota Department of Employment and Economic Development: The Economic Development Authorities Handbook.

A city may, at the request of the EDA, levy a tax for the benefit of the EDA in an amount not more than 0.01813% of the taxable market value. The amount levied must be paid by the city treasurer to the treasure of the EDA to be spent by the EDA. Because the EDA levy is part of the city levy, it is not a “special levy” under state law and therefore the EDA levy is part of the city’s overall levy limit.

Minnesota Department of Employment and Economic Development, The Economic Development Authorities Handbook.

As a result of being part of the city’s overall levy limit, the most common practice to fund an EDA is a direct general fund appropriation out of the city’s general fund. There is no limit to the amount of funding that can be provided to an EDA through this mechanism.

Minn. Stat. § 469.091.

Alternatively, if the city council’s enabling resolution adopts all of the powers of the HRA for the EDA, the EDA may levy the separate HRA tax levy, which is not calculated in the city’s levy limit. It is still subject to all of the statutory limitation of an HRA, including the levy limit of 0.0185% of the estimated market value.

Minn. Stat. § 469.192.

**2. EDA loans**

EDAs are authorized to make loans to businesses, for-profit organizations, nonprofit organizations, or individuals to effectuate the purpose of the EDA.

Minn. Stat. § 469.192.  
Minn. Stat. § 469.102.

Loans must be for a purpose the EDA is authorized to carry out under the law. An authorized purpose must deal with or contribute to economic or industrial development.

Minn. Stat. § 469.033 subd. 4  
Metropolitan Council, City Development Powers

One benefit of establishing an EDA is that the EDA can create a pool where each project’s revenue goes into a common fund, improving the security on the pooled bonds, leading to a more favorable interest rate and ultimately a reduced cost of borrowing.

**RELEVANT LINKS:**

Minn. Stat. § 469.098.

Minn. Stat. § 469.101, subds 1, 2.  
Op. Atty. Gen., 469a-16, July 19, 1966.  
Minn. Stat. § 475.58.  
Minn. Stat. § 469.102.

Minn. Stat. § 469.101, subds 1..  
Minnesota House Research Department, Economic Development TIF Districts

Minnesota House Research Department, Economic Development TIF Districts

Minn. Stat. § 469.049.  
Minn. Stat. § 469.055.

Minn. Stat. § 469.053.  
Minn. Stat. § 469.060 subd. 1.

Minn. Stat. § 469.050.  
Minn. Stat. § 469.051.

Before taking an action or making a decision which could substantially affect an EDA commissioner or employee's financial interests or those of an organization with which the commissioner or an employee is associated, a commissioner or employee of an EDA must comply with specific requirements to disclose the conflict and obtain prior approval. Failure to do so may result in criminal charges.

**3. Other EDA powers**

EDAs can acquire property and facilities, but (in most circumstances) cannot issue obligations (debt) without the approval of the electors. See Minn. Stat. § 475.58 for the list of obligations exempted from this requirement. Otherwise, the city must authorize the issuance of debt in the resolution creating the EDA.

EDAs can create economic development districts within the city, but the districts must be contiguous. Economic development districts do not need to meet the blight test and may use tax increment financing.

When an EDA’s enabling resolution includes HRA power, an EDA may undertake a redevelopment project, housing development, or housing project under which a restrictive blight test does not apply. These projects can be used for similar purposes to those of an economic development district under the EDA law.

**D. Port authorities**

The purpose of a port authority is to promote the general welfare of a port district, increase the commercial efficiency of the district, and actively improve business opportunities.


The Minnesota Legislature authorizes cities to create port authorities. A port authority is a governmental subdivision with the right to sue and be sued in its own name. A port authority may issue general obligation bonds in the amount authorized by its city’s council.

Cities establish a port authority by passing an enabling resolution. The port authority may have three commissioners appointed by the city council, or seven commissioners, two of whom must be city council members, with the remaining members appointed by the mayor and approved by the city council. Cities may adopt a different procedure and a different number of commissioners in the enabling law for the port authority. State law governs commissioner pay, vacancies, duties, and port authority bylaws.



## Office of the Revisor of Statutes

## 2020 Minnesota Statutes

Authenticate  PDF**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 469.133 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.

**History:** 1987 c 291 s 93; 2013 c 125 art 1 s 107

Official Publication of the State of Minnesota  
Revisor of Statutes

## Office of the Revisor of Statutes

## 2020 Minnesota Statutes

Authenticate  PDF**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*

Official Publication of the State of Minnesota  
Revisor of Statutes

## Office of the Revisor of Statutes

## 2020 Minnesota Statutes

Authenticate **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, 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 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, except to the extent that the property is subject to the sales and use tax under chapter 297A. 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 39. 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 power 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. 5a. **Construction contracts.** For all contracts for construction, alteration, repair, or maintenance work, the authority may award contracts to the vendor offering the best value, and "best value" shall be defined and applied as set forth in section 16C.28, subdivisions 1, paragraph (a), clause (2), and paragraph (c), and 1b. Alternatively, the authority may award all contracts for construction, alteration, repair, or maintenance work to the lowest responsible bidder, reserving the right to reject any or all bids.

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 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. [Repealed, 2000 c 490 art 11 s 44]

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.

Subd. 23. **Supplying small business capital.** Notwithstanding any contrary law, the authority may participate with public or private corporations or other entities, whose purpose is to provide seed or venture capital to small businesses that have facilities located or to be located in the district. For that purpose the authority may use not more than ten percent of available annual net income or \$1,000,000 annually, whichever is less, to invest in equities or acquire equity-type investments. These investments can be made directly in eligible corporations or entities or acquired through participation in a public or private seed or venture capital fund. The participation by the authority may not exceed in any year 25 percent of the total amount of funds provided for venture or seed capital purposes by all of the participants. The corporation, entity, or fund shall report in writing each six months to the commissioners of the

authority all investments and other action taken by it since the last report. Funds contributed to the corporation or entity must be invested pro rata with each contributor of capital taking proportional risks on each investment. As used in this subdivision, the term "small business" has the meaning given it in section 645.445, subdivision 2.

**History:** 1987 c 291 s 102; 1988 c 580 s 5; 1991 c 295 s 2; 1992 c 363 art 1 s 13; 2000 c 418 art 2 s 7; 2006 c 214 s 20; 2007 c 148 art 3 s 30; 2010 c 389 art 7 s 5; 2014 c 196 art 3 s 3; 1Sp2017 c 1 art 7 s 6

Official Publication of the State of Minnesota  
Revisor of Statutes

**CITY OF DUNDAS  
COUNTY OF RICE  
STATE OF MINNESOTA  
RESOLUTION NUMBER 2021-12**

*A Resolution Acknowledging and Reactivating the  
Dundas Economic Development Authority*

**WHEREAS**, after notice and public hearing, on May 10, 1999, the Dundas City Council (the "Council") adopted Resolution No. 99-07 establishing an Economic Development Authority within the City of Dundas, pursuant to Minnesota Statutes Ch. 469; and

**WHEREAS**, the Economic Development Authority, was formed in principle, but has taken no formal action; and

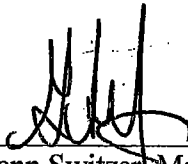
**WHEREAS**, the Council recognizes the need to reactivate the Economic Development Authority for the benefit of the City of Dundas;

**NOW THEREFORE, BE IT RESOLVED** by the City Council of Dundas, Minnesota, as follows that:

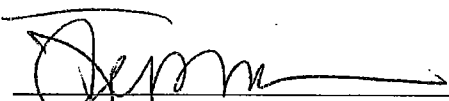
1. The City Council acknowledges the need to promote economic development within the City of Dundas, including through the Economic Development Authority.
2. The City Council desires that the Economic Development Authority formally reactivate and commence regular meetings, adopt new by-laws, elect officers, and establish programs and plans for economic development activities within the City.

**ADOPTED**, by the City Council of Dundas, Minnesota, on this 26th day of April 2021.

**CITY OF DUNDAS BY:**

  
\_\_\_\_\_  
Glenn Switzer, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Jenelle Teppen, Administrator/Clerk

Resolution 2021-12

# ECONOMIC DEVELOPMENT AUTHORITY HANDBOOK

October 2011



1. The land in the project area would not be made available for redevelopment without the financial aid to be sought from the EDA.
2. The redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity consistent with needs of the locality as a whole for the redevelopment of the areas by private enterprise.
3. The redevelopment plan conforms to the general comprehensive plan for the development of the locality as a whole. (Minn. Stat. § 469.028).

### ***Municipal Development District***

When the EDA exercises certain powers of cities identified in the City Development District law (Minn. Stat. §§ 469.124-469.143), they must be used within the boundaries of a Municipal Development District. A development district may be designated anywhere within the boundaries of a City and the City must adopt a Development Program for the development district, which is a statement of objections for the development district and contain the information set forth in Minn. Stat. § 469.125, Subd. 3. The City may develop a program for improving the district to provide the impetus for commercial development, increase employment, protect pedestrians, provide open space relief and other actions which are in the public purpose. Prior to designation, the City must consult with its planning agency or department, publish notice, and hold a public hearing.

### **Specific Powers**

Because EDAs derive powers both directly from EDA law and indirectly by cross reference with other development statutes, there is often considerable overlap in the statutes which can be cited as authority for a given power.

For example, the power to acquire and develop property under the EDA Law must be exercised within the boundaries of an "economic development district." Since the definition of an economic development district is very restrictive, the EDA power to acquire land cannot be exercised in many circumstances. However, the comparable HRA power to acquire and develop property is far more general and can be exercised in a broad range of development circumstances. By picking and choosing the particular statutory authority best suited to a given proposed action, an EDA can usually carry out its purposes with a minimum of inconvenience.

Many of the powers of an EDA are listed below, including powers derived from EDA, HRA and municipal authorities. When considering the exercise of any specific power cited, you should always review the available legislation and consult with your legal and development advisors.

### ***Acquisition of Property***

An EDA may acquire the necessary rights, titles or interest in property through purchase, lease or gift. While the property is owned by the EDA and used for governmental purposes, the property is exempt from taxation by the state or its political subdivisions. However, once the EDA sells or leases the property for use by a non-governmental body, it becomes subject to taxation.



### ***Options***

The EDA may sign options to purchase, sell or lease property. This power may be used to set aside a particular building or site for future development purposes.

### ***Eminent Domain***

An EDA may exercise the right of eminent domain under Chapter 117 or under its City's charter to acquire property by condemnation. If the property is owned by the City for public use, the City must approve the taking. Also, the EDA may take possession of the property after it files a petition in condemnation proceedings describing the property -- a practice sometimes referred to as a "quick take" proceeding.

### ***Loans***

An EDA may make loans to businesses to carry out the purposes outlined in the EDA Law (Minn. Stat. § 469.192).

### ***Contracts***

The EDA may enter into contracts with both governmental and non-governmental entities for the purpose of economic development, including the purchase or sale of real and personal property. An EDA may not incur an obligation or expense under the HRA Law, unless it has an existing appropriation, or can identify reasonably expected revenues sufficient to discharge the obligation or pay the expense. Independent authority is found in the EDA Law for the EDA to guarantee loans, as more fully discussed under the "Advances" power described later in this handbook.

### ***Limited Partnership***

An EDA may be a limited partner in a partnership whose purpose is consistent with the EDA's purpose.

If a City is participating in a project as a limited partner, it may wish to stipulate in the equity agreement a limit on its current and future liability. This stipulation will serve as a safeguard for the City if legal action is brought against the firm as a result of its operation or inequities in its services or products.

### ***Rights and Easements***

The EDA may acquire rights and easements for development of an economic development district. It may be necessary for an EDA to utilize these powers when extending public infrastructure to a project area.

### ***Acceptance of Public Land and Property***

The EDA may accept land, money, or assistance, either by gift, loan or otherwise, in any form from the federal or state government, or its agencies, or a local subdivision of the state government to carry out its economic development activities.

An EDA 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 EDA in an economic development district.

### ***Foreign Trade Zone***

Minnesota Statute 469.101, Subdivision 11 authorizes EDAs to operate and manage Foreign Trade Zones. Foreign or "Free" Trade Zones (FTZ) were established to facilitate international trade by serving as "safe havens" and can increase a company's cash flow by reducing costs associated with import restrictions and duties. FTZs can be warehouses, storage tanks or fenced-in areas near harbors, airports or industrial parks. Foreign and domestic goods are brought into a zone where they can be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned and mixed with foreign and domestic products or used in a manufacturing process.

There are two types of foreign trade zones. General zones are located at or adjacent to a U.S. Customs Port of Entry (i.e. Minneapolis-St. Paul International Airport or Duluth Port) and subzones which are technically part of the general zone but are physically removed from it. General zones typically have multiple users occupying a facility or warehouse site, while "subzones" are special-purpose facilities operated by individual firms that cannot be accommodated within a general zone and are engaged in large-scale manufacturing. The major goods being produced in subzones are automobiles, trucks, motorcycles, tractors, women's garments, and refined oil.

Although a zone is operated as a public utility and can be managed by either a public or private corporation, it is treated as foreign territory and considered to be in foreign commerce, therefore providing benefit to the users. The usual formal Customs entry procedure and payment of duties is not required on the foreign merchandise unless and until it enters Customs territory for domestic consumption, in which case the importer ordinarily has a choice of paying duties either on the original foreign material or the finished product. In addition, quota restrictions do not normally apply to foreign goods stored in zones. Domestic goods moved into a zone for export may be considered exported upon entering the zone for purposes of excise tax rebates and drawback. In some cases companies can avoid both import duties on an item and state and local ad valorem taxes when goods are exported from the zone. In most cases, Federal taxes and excise taxes can be deferred on the goods until they enter the U.S. marketplace.

### ***Public Facilities***

The EDA may operate and maintain a public parking facility or other public facility to promote development or prevent the emergence of slum and blight. Frequently, these powers are exercised in cooperation with other units of government, including Cities, counties and school districts. Projects may include City halls, fire stations, libraries, community centers, administration buildings, and many others.

For example a City may want a community center for its residents. In order for the project to occur, the EDA sells revenue bonds, constructs the community center, and leases the community center to the City. The lease is paid by an annual appropriation from the City's general fund to

the EDA, and the EDA uses the lease payments to pay the principal and interest due on the revenue bonds. When the revenue bonds are retired, title to the new community center will be transferred to the City.

### ***Government Agent***

An EDA may cooperate with or act as an agent for the federal or state government, a state public body, an agency or instrument of a government, or a public body to carry out its mission.

### ***Studies, Analysis, Research***

An EDA may study and analyze economic development needs in the City, and ways to meet those needs. An EDA may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the City. It may make the results of the studies available to the public and to business/industry in general. An EDA may engage in research and disseminate information on economic development within the City.

### ***Public Relations***

To further its economic development efforts, an EDA may join an official, industrial, commercial, or trade association, or other organization. It may also have a reception of officials who may contribute to advancing the City and its economic development activities. It may also carry out other public relations activities as it deems appropriate in fulfilling its efforts to promote the City and its economic development projects (Minn. Stat. § 469.101, Subd. 16).

### ***Joint Powers Agreements***

Any two or more EDAs using HRA powers or together with an HRA may join with one another to exercise, either jointly or otherwise, any or all of their powers. This joint powers agreement may be used for the purpose of financing, including the issuance of bonds and giving security, planning, undertaking, owning, constructing, operating, or contracting a housing project located within the area of operation of any one or more of the EDAs or HRAs. The EDA may, by resolution, authorize any other housing authority or EDA utilizing HRA powers to act on its behalf with respect to any or all powers, as its agent or otherwise.

An EDA may by resolution authorize another housing authority to exercise its powers within the authorizing EDAs area of operation at the same time that the authorizing authority is exercising the same powers.

### ***Tax Increment Financing***

There are many benefits afforded to a City by utilizing Tax Increment Financing (TIF) to facilitate economic development. Some of these are: the City can realize new development, which would not otherwise occur without the use of TIF; the City may realize broader economic gains of new development in terms of employment, tax base enhancement and secondary spin-off effects; the City can facilitate the construction of related public improvements it wishes to achieve by coordinating a TIF project with more general public improvement projects; the City

may have better control over the nature of the development; the City may be able to fund administrative and/or community development costs with revenue from the TIF district and; in some cases, the qualifying of new development is enhanced by the TIF financing.

An EDA may act as an Authority for the purposes of creating and administering tax increment financing districts and plans. These powers must be exercised within a Redevelopment Project, when acting under HRA powers, or within a Municipal Development District when exercising City powers. In general, an EDA must receive approval from the City Council prior to adoption of a Tax Increment Financing plan, and comply in all respects with the requirements of Minnesota Statutes 469.174 - 469.179.

There are several types of TIF districts allowed by statute. The following is a brief description of each.

#### Redevelopment District:

- Generally a blighted area containing substandard buildings.
- Requires documentation to evaluate occupied land area and analysis of substandard buildings.
- Maximum duration of TIF district is 25 years from receipt of the first increment.

#### Renewal and Renovation District:

- Blight and obsolescence tests must be met.
- Maximum duration of TIF district is 15 years from receipt of the first tax increment.

#### Housing District

- Provides housing opportunities for persons and families of low and moderate income.
- Maximum duration of TIF district is 25 years from receipt of the first tax increment.

#### Soils Condition District:

- Provides for the removal or remediation of hazardous substances or contaminants as specified in a development action response plan.
- Such costs must exceed (a) the fair market value of the land before completion of the preparation or (b) \$2 per square foot of the area of each parcel.
- Maximum duration of the TIF district is 20 years from receipt of the first tax increment.

#### Economic Development District:

- May be used only for manufacturing, production, processing, warehousing, storage, distribution (excluding retail sales), research and development, telemarketing, certain tourism and border City retail facilities and uses are directly related to or in support of such qualifying activities. Prohibits establishment if more than 15 percent of the square footage of such facilities are used for other purposes.

- Must demonstrate retention of local businesses, increased employment or preservation or enhancement of the state tax base, etc.
- Maximum duration of TIF district is 8 years from receipt of the first tax increment.
- May be used for commercial facilities not exceeding 15,000 square feet in Cities with populations of 5,000 or less located at least 10 miles outside of a City with a population of 10,000 or more. Other than administrative expenses, all increments must be spent within the TIF district.
- Expanded Rules for any type of development if construction commences by July 1, 2011 and certification of district is requested by June 30, 2011.

Compact Development District:

- May be used to redevelop property where 70 percent of the parcel is industrial or utility property.
- The project must result in an increase of square footage of industrial or utility property by three times or more over its current level.
- Must be approved before June 30, 2012.

In order to establish a TIF district, a specific process must be followed including the following:

1. A Development Program or Redevelopment Plan (depending on statutory authority used) must be prepared. This sets forth the general goals for the development or redevelopment project area.
2. A Tax Increment Financing Plan must be prepared. This sets forth the specific project(s) to be undertaken, costs involved, and revenues projected, and is the guiding document for the proposed project.
3. A public hearing on the TIF Plan and district must be conducted. Notification of the public hearing must be published 10-30 days prior to the hearing.
4. A TIF district "fiscal and economic impact" letter must be received by the County and school district at least 30 days prior to the public hearing.
5. The City planning commission must review the TIF Plan and Development Program prior to City approval.
6. At the public hearing, all interested parties are invited to express their opinion(s).
7. Subsequent to the public hearing, the City must approve or reject the TIF Plan and district.
8. Upon approval, the City must request County certification of the original value of the TIF district which will begin the tax increment collection process.
9. Actual project expenditures may not be made until the TIF Plan is adopted and the TIF district is established.

## **Financing and Bonding Powers**

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### ***Issuing General Obligation Bonds***

The EDA may issue General Obligation Bonds (GO Bonds) in anticipation of income from any source for any purpose allowed by statute. The City must, by ordinance and by two thirds vote, give specific consent to pledge the City's full faith and credit to the GO Bonds. The EDA must comply with the provisions of Minnesota Statutes § 475, the general public indebtedness statute. An election is required to issue GO Bonds backed by the City's full faith and credit.

### ***Issuing Revenue Bonds***

Revenue bonds may be issued by the EDA to fund any authorized activity of the EDA. The revenues generated by the projects to be financed and/or other revenues of the EDA may be pledged to the payment of the revenue bonds. Bonds may also be secured by a mortgage on certain EDA property. The EDA can pledge its full faith and credit and limited taxing power to the payment of revenue bonds, but it may not pledge the full faith and credit of the City.

Because the credit strength of an EDA is usually very limited, the feasibility of a revenue bond offering is highly dependent upon the project to be financed. For example, if an EDA were to issue a revenue bond to finance the construction of a building to be leased to a manufacturing firm, the interest rate and security terms of the revenue bond would depend primarily on the creditworthiness of the manufacturer. For weaker projects and tenants, issuance may not be feasible.

### ***Advances***

As noted earlier in this handbook, there is independent authority for an EDA to make a loan. An EDA may advance (loan) its general fund money or credit without interest. The advances must be repaid from the sale or lease of land. If the money advanced for the development or redevelopment project was obtained from the sale of the EDAs general obligation bonds, then the interest rate on the advances must not be lower than the average annual interest rate on the EDAs general obligation bonds that are outstanding at the time the advances are made. Advances made to acquire land and to construct facilities for recreational purposes, do not need to be reimbursed (Minn. Stat. § 469.106).

### ***Secondary Market***

An EDA may sell, at private or public sale, at the price or prices determined by the EDA, 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 (Minn. Stat. § 469.101, Subd. 22). An EDA operating a revolving loan fund may choose to sell a loan on the secondary market if it needs to recapitalize the loan fund in order to finance additional projects.

### ***Borrowing in Anticipation of Bonds***

After authorizing a bond issue, an EDA may borrow funds to provide money immediately required for the project, but the loan must not exceed the amount of the bonds. The EDA must approve a resolution stating the terms of the loan. The due date for the loan may not be for more than 12 months from the date of the loan origination and may 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 EDA or from any corporation, association, or other institution of which a Commissioner is a stockholder or officer (Minn. Stat. § 469.101, Subd. 19).

### ***Revolving Loan Funds***

Small business growth in most communities provides the greatest opportunity for new investment and job development. However, because constraints on capital markets, financial institutions may be unable or unwilling to provide a complete financing package, and many good companies end up with marginal long-term financing.

Businesses and financial institutions invest dollars in projects to make a profit and to earn a return on that investment. Unless the project offers the promise of a positive return, it is difficult to sell a prospective investor on locating or expanding a business. Stimulating investment requires impacting a business and a bank's spending decisions. An EDA can impact business spending decisions by providing an opportunity where rates of return on investment are attractive and competitive. Many EDAs do this by operating a local Revolving Loan Fund (RLF) designed to facilitate small business investment.

The typical goal of a local RLF is to leverage private sector investment by filling the capital market gap for financing long-term assets.

Most RLFs provide a cost advantage to the business to lessen their financial constraints and meet the community's goal of increasing productivity and creating new, permanent jobs. The RLF can provide lower interest payments, more flexible equity requirements, longer terms, deferred principle payments and a subordinate collateral position to the bank.

The type of businesses that are eligible for loan funds type of businesses that are eligible for loan funds will depend on the loan guidelines established by the particular EDA.

An RLF can be designed in several different ways. The most common type of RLFs structure is the direct loan to the business. Direct loans are made to the business with a separate set of loan documents and collateral to secure the loan. These loans are typically made to fill the gap in a development project.

The second type of funding structure is a loan guarantee. The EDA provides a partial guarantee to the private lender to ensure repayment of the loan and to limit the risk to the private lender. This type of activity provides several advantages to the EDA, notably, smaller capitalization requirements, increased leverage of funds, and limited administrative activity

A third type of RLF is a linked deposit program. With a linked deposit program, the EDA works with other government agencies and large non-profit institutions to place a certificate of deposit with the lending institution at below market rate. This action allows the bank to increase its liquidity of funds, gain a higher return on a riskier project and improve collateral coverage.

The most fundamental issue in the development of a revolving loan program is the development of policies and procedures for operating, marketing, financing and dealing with delinquencies and defaults. It is important to consider working with development counsel and/or financial advisors to discuss the intricacies and mechanics of a RLF program.

The source of capitalization for local loan funds varies by community. Communities are utilizing local sources through the use of excess general fund or municipal utility reserves, Tax Increment Financing reserves and partnerships with banks or utilities to capitalize local revolving loan funds.

### **Limitation of Powers**

The City Council may place limits on the activities of the EDA in the enabling resolution. These limitations may be placed on the power to issue general obligation or revenue bonds, the power to grant or loan EDA funds, power to enter into limited partnerships, or any other specific power over which the governing body wishes to exercise control. The following is a list of specific areas where the governing body may exercise control (Minn. Stat. § 469.092):

1. that the EDA may not exercise any specified power contained in Minn. Stat. §§ 469.001 to 469.047, 469.090 to 469.108, and 469.124 to 469.134 or that the EDA must not exercise any powers without the prior approval of the City Council.
2. that, except when previously pledged by the EDA, the City Council may by resolution require the EDA to transfer any portion of the reserves generated by activities of the EDA 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 EDA be approved by the City Council before issuance;
4. that the EDA follows 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 EDA must be consistent with the adopted comprehensive plan of the City, and any official controls implementing the comprehensive plan;
6. that the EDA 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 EDA to submit its administrative structure and management practices to the City Council for approval.
8. any other limitation or control established by the City Council by the enabling resolution.