

## Ely City Council Emergency Special Meeting, February 15, 2013

1. CALL TO ORDER:

The Ely City Council Emergency Special Meeting was called to order by Mayor Petersen at 11:02am on February 15, 2013 at the Ely City Hall.

2. ROLL CALL:

Present: Council members Kess, Nikkola, Omerza, Mayor Petersen (4)

Absent: Council members Debeltz, Polyner, Shetty (3)

3. NEW BUSINESS:

Clerk Langowski explained issue with the current TIF Districts. TIF #1 does not generate sufficient revenue to cover bond debt of TIF #1 and it is set to expire before the debt is paid. TIF #3 generates excess revenue over debt payment. Legislation requested would allow TIF #1 to be extended from 2017 to 2021 and TIF revenues pooled between #1 & #3 to cover combined debt. Without this adjustment, the general fund would need to continue borrowing to TIF #1 debt \$30,000 in 2011 and \$50,000 in 2012.

Council member Kess questioned language concerning revenues being used on activities outside of the district to pay binding obligations entered into before enactment. Langowski assured the council that Mary Francis Skala of Fryberger, Buchanan, Smith & Frederick, P.A. (Duluth law firm) had drafted language and it was proper.

**Nikkola/Omerza moved approval of Resolution #2013-003 Requesting Legislation Concerning Ely TIF Districts WHEREAS**, the City of Ely currently has two TIF Districts established to promote economic development within the City of Ely, **WHEREAS**, TIF District #1 does not collect adequate revenue to cover the bond costs and, **WHEREAS**, the decertification date of TIF District #1 is set to expire prior to the debt being paid off in TIF District #1 and, **WHEREAS**, TIF District #3 has excess revenue available on an annual basis to pay the deficiencies in TIF #1, **NOW, THEREFORE BE IT RESOLVED**, that the Council of the City of Ely request the State of Minnesota enact Legislation to extend TIF District #1 until 2021 and allow the proceeds of TIF District #1 and TIF District #3 be pooled to cover the combined debt of the two TIF Districts as follows:

A bill for an act relating to the city of Ely; authorizing tax increment financing.

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

**Section 1. CITY OF ELY; TAX INCREMENT FINANCING.**

Subdivision 1. Duration of district. Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the city of Ely may collect tax increments from tax increment financing district No. 1 through December 31, 2021.

Subd. 2. Expenditures Outside District. Notwithstanding the provisions of Minnesota Statutes, section 469.1763, subdivision 2, revenues derived from increments from tax increment financing districts numbers 1 and 3 in the city of Ely may be spent on activities located outside of the districts to pay binding obligations entered into before the day following final enactment. The amount qualifying under this subdivision to be spent outside tax increment financing districts numbers 1 and 3 is limited to an amount necessary to meet binding obligations of tax increment financing districts numbers 1 and 3 that cannot be paid by revenues derived from increment from within a district.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Ely with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

**Roll called: Kess-yes, Nikkola-yes, Omerza-yes and Mayor Petersen-yes. Motion carried unanimously.**

4. **Nikkola/Omerza moved to adjourn the meeting at 11:17am. Motion carried unanimously.**

Harold R Langowski  
Clerk/Treasurer