

COUNCIL PROCEEDINGS
CITY OF CROSSLAKE, MINNESOTA
PUBLIC HEARING
JULY 29, 1993
7:00 P.M. AT CITY HALL

The City Council for Crosslake, Minnesota met in a Public Hearing on Thursday, July 29, 1993 at City Hall. The following were present: Mayor Kurt E. Anderson, Councilmembers Lyle Arends, Chuck Miller, Dean Swanson and Jack Webster. Also present were Jim Gammello, City Attorney; Sheila Haverkamp, BLADC; Carolyn Drude, Ehlers and Associates; Teri Hastings, Zoning Administrator and Darlene Roach taking the minutes. There were nine citizens present.

Mayor Anderson called this meeting to order at 7:00 p.m. dealing with Tax Increment Financing for the City of Crosslake. Mayor Anderson introduced Sheila Haverkamp. Bill Reed, owner of Reed's Market, had contacted Sheila Haverkamp of the Brainerd Lakes Area Development Corp for her assistance in securing funding through the Small Business Administration. Mr. Reed spoke to the councilmembers requesting their support. Mayor Anderson indicated that the City gives money each year to help support BLADC and that their involvement with this project would not cost the City any money. Dean Swanson requested a clarification of the project and indicated his support. Lyle Arends asked if BLADC would be involved in other projects like another store and Sheila indicated that they would not be obligated to work with them unless they received City Council approval that it would be in the best interests of the City.

MOTION 7PH-01-93 BY DEAN SWANSON TO GIVE BLADC OUR BLESSINGS TO GO AHEAD WITH THIS PROJECT. SECONDED BY CHUCK MILLER.
MOTION -- PASSED UNANIMOUSLY.

Mayor Anderson signed a letter supporting BLADC and read this letter aloud to the audience.

At this point a recess was taken until Ms. Drude arrived.

Mayor Anderson reconvened the public hearing and introduced Ms. Carolyn Drude who was present to discuss tax increment financing for District 1-2 and District 1-3. District 1-2 for the Brian Bittner redevelopment project and District 1-3 for Bill Reed's supermarket.

Mayor Anderson read letters that had been received from the County and from School District 186. The County waived the 30 day waiting period between the notice and the public hearing. Mr. Gammello will review the Statute to determine if the school district's letter is sufficient. Dean Swanson indicated he spoke to the school district and they were aware that the letter was required for the waiver.

Ms. Drude reiterated the establishment of boundaries for tax increment financing. Not all areas are TIF districts. Mr. Bittner's project is to replace two current sub-standard buildings with condominium project that has 14 units with a projected market value of \$1,344,000. There are no bonds to be issued for this project. All financing is being obtained by the developer. A listing of the tax increment eligible expenses were reviewed. The percent of proposed splits is 10% to the city for administrative expenses and 90% reimbursement to the developer. This particular project has a potential life of 25 years, however it appears it would be more like 17 years. This is negotiable with the developer. Dean Swanson raised a question as to any projections in the market evaluation of the property. Any increase in taxes as a result of an increase in evaluation will reduce the years for the tax increment. However, if taxes go up because the tax base goes up that would be outside the tax increment program. Regardless of who owns the condominiums and whether they are classified as homestead or non-homestead the tax increment money goes to the developer no matter who pays the tax on the units. Lyle Arends asked what the school district would lose as a result of tax increment financing. Ms. Drude explained how money is derived for the school based on pupil unit, local tax and state aid.

MOTION 7PH-02-93 BY CHUCK MILLER TO ADOPT THE RESOLUTION APPROVING THE MODIFICATION OF THE DEVELOPMENT PROGRAM RELATING TO DEVELOPMENT DISTRICT NO. 1, AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-2 AND THE TAX INCREMENT FINANCING PLAN RELATING THERETO, WITH FINDINGS AND DEVELOPERS AGREEMENT WITHIN 30 DAYS. (A copy of the complete resolution is attached and becomes a permanent part of these minutes.) SECOND BY DEAN SWANSON. MOTION -- PASSED UNANIMOUSLY.

Mr. Gammello advised the Council that he wanted a real clear understanding between the developer and the City Council. The understanding was that the project could be decertified if the findings do not justify the district, if the City and the developer cannot come to terms on the split and if the letters and notice process are not appropriate. The attorney then asked Mr. Bittner if that was clear to him. Mr. Bittner agreed that it was.

MOTION BY LYLE ARENDS THAT WE HAVE A PUBLIC MEETING AND THE COMMITTEE SHALL CONSIST OF THE ENTIRE COUNCIL. SECOND BY CHUCK MILLER. COUNCILMAN JACK WEBSTER AND LYLE ARENDS VOTED AYE AND COUNCILMAN CHUCK MILLER AND DEAN SWANSON VOTED NAY. MAYOR ANDERSON VOTED NAY. MOTION -- DID NOT PASS.

MOTION 7PH-03-93 WAS MADE BY CHUCK MILLER THAT A COMMITTEE BE FORMED OF TWO COUNCILMEN. SECOND BY DEAN SWANSON. MOTION PASSED WITH COUNCILMEN MILLER AND SWANSON AND MAYOR ANDERSON VOTING AYE. COUNCILMEN ARENDS AND WEBSTER VOTING NAY.

The committee appointed by Mayor Anderson will consist of Dean Swanson and Lyle Arends.

The meeting proceeded on to TIF 1-3.

Ms. Drude explained that District 1-3 is a proposal by Bill Reed to construct a grocery store with a projected value of \$500,000 upon completion. This district is considered an Economic Development district and is limited to nine increments. The life of the district being eleven years which allows for a two year lag to 1995. Only 5,000 square feet is allowed under the law and the project will be about 15,000 square feet. This means that all of the increment can be captured, however, it can only be used for paying a third of the cost. A portion of the proposed road for this property is outside the TIF district. Dean Swanson requested of the council their thoughts on this road. Mayor Anderson is in favor since the City will not be spending any money on the road. Dean feels it is a benefit for the City.

MOTION 7PH-04-93 BY DEAN SWANSON APPROVING THE MODIFICATION OF THE DEVELOPMENT PROGRAM RELATING TO DEVELOPMENT DISTRICT NO. 1, AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-3 AND THE TAX INCREMENT FINANCING RELATING THERETO WITH FINDINGS AND DEVELOPERS AGREEMENT WITHIN 60 DAYS. SECOND BY JACK WEBSTER . MOTION -- PASSED UNANIMOUSLY. (A copy of the complete resolution is attached and becomes a permanent part of these minutes.)

A committee of two people was set up consisting of Chuck Miller and Kurt Anderson to review the details and meet with the developer.

Mayor Anderson then opened the meeting to comments. Only one individual remained and he had no comment.

The necessary documentation in support of these two TIF projects must be delivered to the County Auditors Office no later than July 30, 1993.

It was also noted all monies were paid by both of the developers prior to the meeting.

MOTION 7PH-05-93 BY CHUCK MILLER TO ADJOURN AT 8:40 P.M. SECOND BY LYLE ARENDS. MOTION -- CARRIED UNANIMOUSLY.

Recorded and transcribed by:
Darlene Roach, Secretary



EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF CROSSLAKE, MINNESOTA

HELD: July 29, 1993

Pursuant to due call and notice thereof, a Public Hearing meeting of the City Council of the City of Crosslake, Crow Wing County, Minnesota, was duly held on the 29 day of July, 1993, at 7 o'clock P.m.

The following members of the Council were present:

Kurt Anderson, Lyle Arends, Chuck Miller, Dean Swanson, Jack Webster

and the following were absent:

None

Member Chuck Miller introduced the following resolution and moved its adoption:

RESOLUTION APPROVING THE MODIFICATION OF
THE DEVELOPMENT PROGRAM RELATING TO
DEVELOPMENT DISTRICT NO. 1, AND ESTABLISHING TAX INCREMENT
FINANCING DISTRICT NO. 1-2 AND THE TAX INCREMENT
FINANCING PLAN RELATING THERETO

WHEREAS:

A. The City of Crosslake (the "City") has heretofore on March 25, 1989 created Development District No. 1 and it has been proposed that the City modify the development program with respect thereto, and establish Tax Increment Financing District No. 1-2 within Development District No. 1 and adopt a Tax Increment Financing Plan with respect thereto under the provisions of Minnesota Statutes, Sections 469.124 to 469.134 and 469.174 to 469.179 (collectively, the "Act");

B. The City Council has investigated the facts and has caused to be prepared an amended Development Program for Development District No. 1, and has caused to be prepared a proposed Tax Increment Financing Plan for Tax Increment Financing District No. 1-2; and

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C. The City has performed all actions required by law to be performed prior to the creation of Tax Increment Financing District No. 1-2 and the adoption of the proposed modification of the Development Program and the adoption of the Tax Increment Financing Plan relating thereto, including, but not limited to, notification of Crow Wing County and Independent School District No. 186 having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-2, and the holding of a public hearing upon published and mailed notice as required by law.

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

1. Development Program. The modification of the Development Program for Development District No. 1, a copy of which is on file in the office of the City Clerk-Treasurer, is adopted as the Development Program for Development District No. 1.
2. Tax Increment Financing District No. 1-2. There is established in the City of Crosslake within Development District No. 1 Tax Increment Financing District No. 1-2, the initial boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
3. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-2, and the City Council makes the following findings:
 - (a) Tax Increment Financing District No. 1-2 is a redevelopment district as defined in Minnesota Statutes, Section 469.174, subd. 10(a)(1), the reasons and supporting facts are set forth on Exhibit A.
 - (b) The proposed redevelopment in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

The reasons supporting this finding are that:

Brian Bittner has represented to the City that he would not undertake the project in Crosslake without the City's use of tax increment financing. Private investment will not finance these development activities because of prohibitive costs. It is necessary to finance

these development activities through the use of tax increment financing so that other development by private enterprise will occur within Development District No. 1.

(c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-2 conforms to the general plan for development or redevelopment of the City of Crosslake as a whole.

The reasons supporting this finding are that:

- (i) Tax Increment Financing District No. 1-2 is properly zoned; and
- (ii) The Tax Increment Financing Plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan.

(d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Crosslake as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.

The reasons supporting this finding are that:

The development activities are necessary so that development and redevelopment by private enterprise can occur within Development District No. 1.

4. Public Purpose. The modification of the Development Program for Development District No. 1, and the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-2 conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.

5. Certification. The Auditor of Crow Wing County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-2 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Clerk-Treasurer is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the

Auditor may specify, together with a list of all properties within Tax Increment Financing District No. 1-2 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

6. Filing. The City Clerk-Treasurer is further authorized and directed to file a copy of the Development Program and Tax Increment Financing Plan for Tax Increment Financing District No. 1-2 with the Commissioner of Revenue.

7. Administration. The administration of Development District No. 1 is assigned to the City Clerk-Treasurer who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

The motion for the adoption of the foregoing resolution was duly seconded by member Dean Swanson and upon vote being taken thereon, the following voted in favor thereof:

Kurt Anderson, Lyle Arends, Chuck Miller, Dean Swanson, Jack Webster and the following voted against the same:

None

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting Clerk-Treasurer of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the modification of the Development Program for Development District No. 1, and the establishment of Tax Increment Financing District No. 1-2 in the City.

WITNESS my hand and the seal of said City this 30th day of July, 1993.

Alene Bucholtz
City Clerk-Treasurer

(SEAL)