

**TAYLORS FALLS SPECIAL CITY COUNCIL MEETING
COUNCIL CHAMBERS
MONDAY, JUNE 6, 2011 - 7:00 P.M.**

MINUTES

The Agenda for this Meeting was posted Wednesday, May 25, 2011 at City Hall, the Post Office and on the City's Web Site. Copies were e-mailed to residents requesting such, and the Press was notified.

The Taylors Falls City Council met for a Special Meeting on Monday, June 6, 2011 in Council Chambers at City Hall, 637 First Street, Taylors Falls, Minnesota.

CALL TO ORDER

The Special Meeting was called to order at 7:00 p.m. by Mayor Mike Buchite.

ROLL CALL

MEMBERS PRESENT: Mike Buchite, Ross Rivard, John Tangen, Larry Julik-Heine, Mary Jo Murphy

MEMBERS ABSENT: None

OTHERS PRESENT: Clerk-Treasurer Jo Everson, Rick Greene, press reporter

PUBLIC HEARING

TO CONSIDER PROPERTY TAX ABATEMENT ON CERTAIN PROPERTY

Mayor Mike Buchite explained the protocol for the Public Hearing, after which he called the Hearing to Order at 7:02 p.m. and requested the Public Notice be read into the record:

The Taylors Falls City Council will conduct a Public Hearing on:

*Monday, June 6, 2011, beginning at 7:00 p.m.
In Council Chambers at City Hall*

To consider granting a \$60,000 property tax abatement for 10 years on property owned by NSP Company/DBA Excel Energy, located on 19.1 acres at the SE¹/₄ of the SW¹/₄ of Section 26, T34, R19, City of Taylors Falls, Chisago County, less Chisago County Highway ROW, and less 19.1 acres to be purchased by the City for future expansion of wastewater ponds and Business Park.

All interested persons are invited to attend the hearing and be heard on this matter.

The property in question is 32.22 acres owned by NSP Company/Xcel Energy located on County Road 37 one mile west of the Taylors Falls City Hall where the new Lawrence Creek Substation is located. Taylors Falls intends to purchase 19.1 acres from this parent property, for the purpose of future expansion of its wastewater treatment facility and to establish a Business Park. The City is proposing to issue approximately \$519,000 in revenue bonds to finance the installation of the infrastructure improvements (water, sewer, streets, and storm water) at this Business Park. In order to make the future debt service payments, Taylors Falls proposes to use a portion of the new County and City property taxes that will be generated from the Substation by means of tax abatement. Minnesota Statute §469.181 grants authority for abatement, which allows the City to retain the property taxes generated from that property for specific purposes. The companies locating in the Park will not receive abatement or a refund of the taxes they pay. The funds will only be used for infra-structure improvements in the Taylors Falls Business Park.

Taylors Falls also requested assistance from Chisago County to use their portion of the property taxes for the same purpose. The Chisago County Board of Commissioners held a Public Hearing on June 1, 2011 to consider the City's request. They authorized a 10 year tax abatement not to exceed \$30,000 annually. Taylors Falls proposes a 10 year tax abatement of \$60,000 annually. The total abatements are \$90,000 annually, \$900,000 in 10 years.

Mayor Buchite called for comments in favor, opposed to or neutral to the proposal. Hearing none:

MOTION BY TANGEN/MURPHY TO CLOSE THE PUBLIC HEARING TO CONSIDER A PROPERTY TAX ABATEMENT ON CERTAIN PROPERTY IN TAYLORS FALLS. MOTION CARRIED UNANIMOUSLY. The Public Hearing closed at 7:04 p.m.

NEW BUSINESS

CONSIDER RESOLUTION 11-06-01 APPROVING A PROPERTY TAX ABATEMENT

The Council discussed the benefits of approving the \$60,000 property tax abatement on the NSP/Excel Energy property where the Lawrence Creek Substation is located. By approving the abatement the City would not be increasing property taxes in order to finance the installation of the infrastructure in the new Business Park. According to Council Member Ross Rivard, the concept of a Business Park in Taylors Falls has been discussed many times over the past +20 years. While the current economy is unfortunately at it's worst, it is beneficial in terms of the costs to create the Park.

Council Member Larry Julik-Heine questioned the reference to the school district(s) in the approving resolution. There is only one district in Taylors Falls, Independent 2144, which has declined to grant an abatement on the property.

MOTION BY JULIK-HEINE/MURPHY TO ADOPT RESOLUTION 11-06-01, AS AMENDED, APPROVING A PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN THE CITY OF TAYLORS FALLS, MINNESOTA. MOTION CARRIED UNANIMOUSLY. (attached)

ADOURNMENT

MOTION BY JULIK-HEINE/RIVARD TO ADJOURN THE SPECIAL MEETING OF THE CITY COUNCIL THIS 6TH DAY OF JUNE, 2011. MOTION CARRIED UNANIMOUSLY.

Being no further business to come before the Council, the Meeting adjourned at 7:12 p.m.

Michael D. Buchite, Mayor

Jo Everson, Clerk-Treasurer

APPROVED: JUNE 13, 2011

RESOLUTION 11-06-01

**CITY OF TAYLORS FALLS
CHISAGO COUNTY
STATE OF MINNESOTA**

**A RESOLUTION APPROVING A PROPERTY TAX ABATEMENT
FOR CERTAIN PROPERTY IN THE CITY OF TAYLORS FALLS, MINNESOTA**

BE IT RESOLVED by the City Council (the "Council") of Taylors Falls, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. Under Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Act"), the City is authorized to approve a property tax abatement to carry out certain public purposes, including the financing of public infrastructure.

1.02. The County of Chisago, Minnesota (the "County"), pursuant to a Resolution adopted at their Monday, June 1, 2011 meeting and attached hereto as Exhibit B of this Resolution, approved the abatement ("County Abatement") under the Act relating to certain property in the City described in Exhibit A hereto (the "Commercial Property"), which property is part of a larger development known as the "Taylors Falls Business Park," also described in Exhibit A.

1.03. Under the Act, the City and County are authorized to retain abatements from property in order to provide or finance public infrastructure, and are further authorized to issue bonds to pay for public improvements that benefit such property. The City plans to issue tax abatement bonds (the "Bonds") to finance the costs of water, sanitary sewer, streets, and storm sewer improvements (the "Improvements") to the Commercial Property. The City and County will pledge the abatements from the Commercial Property to the payment of principal and interest payments due on the Bonds.

1.04. The City has requested that the County approve an abatement for the Commercial Property ("County Abatement") and pledge such abatement to the City for payment of principal and interest on the Bonds.

1.05. The City has a purchase agreement for the land from Xcel Energy (part of the land acquired is for a future expansion of the Taylors Falls Wastewater Treatment Facility) to develop the new business park. The City has also agreed that no special assessments will be levied against the Commercial Property relating specifically to the Improvements.

1.06. On this date, the Council conducted a duly-noticed public hearing regarding the proposed City Abatement, at which the views of all interested persons were heard.

Section 2. Findings.

2.01. It is hereby found and determined that the benefits to the City from the City Abatement will be at least equal to the costs to the City of the City Abatement, because of the long-term tax base growth that continues beyond the period of the City Abatement, and the potential for tax base growth within the Taylors Falls Business Park made possible by the Improvements.

2.02. The City further finds that the City Abatement will finance Improvements that serve all businesses in the Taylors Falls Business Park, and that such assistance is generally available to all developers in that area. As such, the City finds that the City Abatement does not constitute a business subsidy to any developer, as provided in Minnesota Statutes, §116J.993, Subdivision. 3.

2.03. It is further specifically found and determined that the City Abatement is expected to result in the following public benefits:

- (a) Help finance major infrastructure improvements needed to serve the Taylors Falls Business Park.
- (b) Increase employment opportunities in the City.

2.04. The Property is not located in a tax increment financing district.

Section 3. Actions Ratified; Abatement Approved; Abatement Pledged to City.

3.01. The Council hereby ratifies all actions of the City's staff and consultants in arranging for the preparation and publication of the hearing notice for the public hearing held on the date hereof and all other actions necessary to arrange for the approval of this resolution in accordance with the Act

3.02. Subject to the provisions of the Act, the City Abatement is hereby approved and adopted in the aggregate amount of \$600,000, subject to the following terms and conditions:

- (a) The term "Abatement" or "Abatements" means the real property taxes generated in any tax-payable year by extending the City's tax rate for that year against the tax capacity of the Commercial Property (including the land and the Development Project constructed thereon) all as of July 1 in the current year.
- (b) The City Abatements will be collected for the Commercial Property for a period of 10 years, commencing in the first tax-payable year after substantial completion of the Development Project. The City Abatement will terminate on the earlier of (i) the date all Bonds have been paid in full, redeemed, or defeased in accordance with their terms; or (ii) after the 10th year of collection of County Abatements from the Commercial Property. Notwithstanding anything to the contrary in this paragraph, the 10-year duration of City Abatement collection under this Resolution is subject to the condition that the Independent School District No. 2144 declines to grant an abatement for the Commercial Property in accordance with Minnesota Statutes, § 469.1813, Subdivision 6(b) of the Act.
- (c) In accordance with Minnesota Statutes, §469.1813, Subdivision 8 of the Act, in no case shall the City Abatement, together with all other abatements approved by the County under the Act and paid in any one year exceed the greater of 10% of the City's levy for that year or \$200,000.
- (d) The City guarantees and pledges to transfer the City Abatement on a semi-annual basis to be applied to the payment of principal and interest of the Bonds.
- (e) After the Bonds are issued by the City, the amount of the City Abatement under this resolution is not subject to modification, as provided in Minnesota Statutes, §469.1814, Subdivision 4 of the Act.

Adopted by the City Council on this 6th of June, 2011

Michael D. Buchite, Mayor

ATTEST:

Jo Everson, Clerk-Treasurer

Exhibit A

Description of Commercial Property

Legal Description: consisting of 32.2 acres – [Section 26, Township 034, Range 019, SE 1/4 OF SW 1/4. EXCEPT W 1 RD THEREOF EXCEPT S 410 FT OF E 477 FT THEREOF. EXCEPT PARC 104 CHISAGO COUNTY HWY R/W PLAT NO.25. LAWRENCE CREEK SUB-STATION TRANSMISSION]. The new PID Number(s) will need to be determined at a future date. Taxes to be abated will be from the Xcel Energy Substation on +/-13.1 acres with Tax Parcel Number not yet determined.

Description of Taylors Falls Business Park

Tax Parcel No. 08.00258.10

Exhibit B

Chisago County Resolution 11/0601-3