



AGENDA

Blackduck City Council - Work Session Meeting

6:00 PM - Monday, June 21, 2021

City Hall, 8 Summit Drive, Blackduck MN

	Page
1. CALL TO ORDER	
a. Roll Call	
b. Pledge of Allegiance	
2. APPROVAL OF AGENDA	
3. OLD BUSINESS	
a. Public Works / Police Facility Update	
b. Liquor Store Remodel/Addition Update	
c. Local Sales Tax Campaign Update - Curt Meyer	
d. Kitchigami Regional Library Unspent Funding - Update	
e. American Rescue Plan Act Funding - American-Rescue-Plan-Act-Funding-Updates-Slides Requesting-American-Rescue-Plan-Act-Funds-Minnesotas-Process-Slides	2 - 32
f. Blackduck Stumpjumper Public Parking lot - Update 1275_001	33 - 43
4. NEW BUSINESS	
a. Flag Drop Box - Mayor Gullette Flag Drop Box	44 - 45
b. Splash Pad - Councilor Kolb	
c. Blackduck Golf Course Board Meeting - Tuesday, June 29, 2021 4:30pm - Club House Golf Board Meeting	46
d. Personnel Committee Meeting - Mayor Gullette requests	
5. BLACKDUCK HRA	
a. League of Minnesota Cities Guidance - Community-Development-and-Redevelopment	47 - 69
b. Detroit Lakes HRA Mentor - Kurt Keena, Executive Director First Steps Contact Information	
6. ADJOURNMENT	

American Rescue Plan Act Funding Update



Road to Recovery Series

If you experience technical difficulties, please contact GoToWebinar support at 1 (833) 851-8340



American Rescue Plan

Amy Jorgenson, COVID-19 Response Accountability Office Director

American Rescue Plan Overview

Objectives

- Outline types of funding in the American Rescue Plan
- Review allocation amounts
- Highlight eligible and ineligible uses of funds
- Discuss distribution and reporting processes
- Address other funding considerations
- Time for questions

Flexible and Programmatic Funds

State Fiscal Recovery Fund

Local Fiscal Recovery Fund

Capital Projects

Elementary and Secondary School Emergency Relief

Assistance to Non-Public Schools

Higher Education Emergency Relief

Individuals with Disabilities Education Act

Child Care Development Block Grant

Child Care Stabilization Grant

Child Care Entitlement to States

Head Start

Low Income Home Energy Assistance Program

Pandemic Emergency Assistance*

Community-Based Child Abuse Prevention*

Child Abuse State Grants

Supportive Services

Congregate and Home Delivered Meals

Preventive Services

Family Caregiver

Title VII Long-Term Care Ombudsman

Mental Health Block Grant*

Substance Abuse Block Grant*

WIC Cash Value Vouchers Increase*

Transit - Urbanized Area

Transit - Nonurbanized Area

Enhanced Mobility of Seniors and Persons with Disabilities - State

FEMA

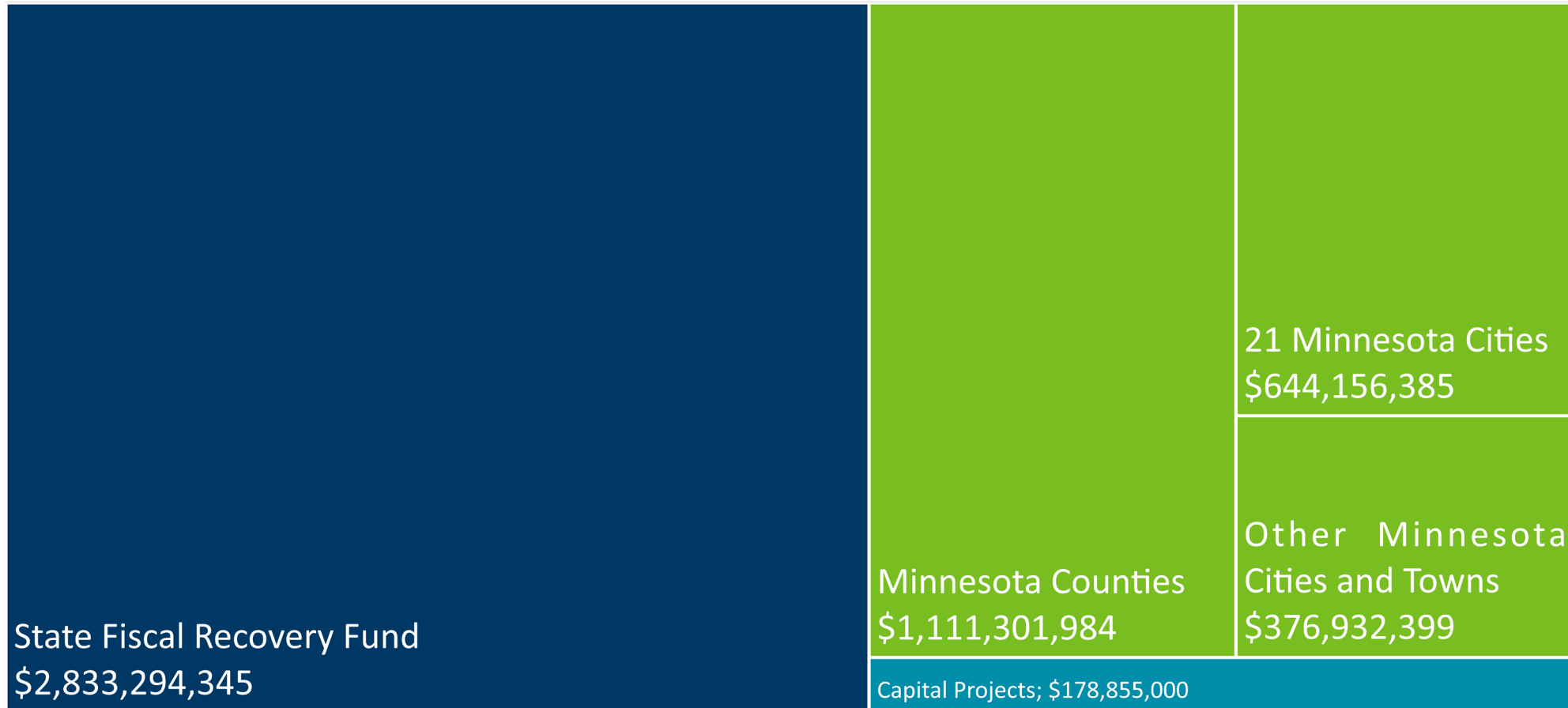
Institute for Museum and Library Services - State Agencies*

National Endowment for the Arts - State Arts Agencies

National Endowment for the Humanities - State Councils

Minnesota Allocations

■ State Fiscal Recovery Fund ■ Local Fiscal Recovery Fund ■ Capital Projects



State and Local Fiscal Recovery Funds

Type of Government	Amount Allocated	Estimated Distribution Date(s)	Distributed From
State of Minnesota	\$2,833,294,345.30	50% of funds within 60 days of certification, 50% one year later	U.S. Treasury
All 87 Counties	\$1,111,301,984.00	50% of funds within 60 days of certification, 50% one year later	U.S. Treasury
21 Minnesota Cities*	\$644,156,385.00	50% of funds within 60 days of certification, 50% one year later	U.S. Treasury
Non-Entitlement Units of Local Government*	\$376,932,399.00	50% of funds in 2021, 50% of funds in 2022	State of Minnesota
TOTAL	\$4,965,685,113.30		

*The 21 cities are Apple Valley, Blaine, Bloomington, Brooklyn Park, Burnsville, Coon Rapids, Duluth, Eagan, Eden Prairie, Edina, Lakeville, Mankato, Maple Grove, Minneapolis, Minnetonka, Moorhead, Plymouth, Rochester, St. Cloud, Saint Paul, and Woodbury. **All other cities and towns are considered non-entitlement units of local government.**



**Responding to the
Public Health Emergency**



**Addressing Negative
Economic Impacts**



**Serving the
Hardest Hit**



**Improving Access
to Infrastructure**

Non-Exclusive List of Eligible Uses

Responding to the Public Health Emergency	Addressing Negative Economic Impacts	Serving the Hardest Hit	Improving Access to Infrastructure
COVID-19 mitigation <ul style="list-style-type: none"> Vaccination PPE Testing Alternative care facilities 	Workers and families <ul style="list-style-type: none"> Unemployment and training Food, housing, financial security assistance Survivor's benefit 	Health disparities <ul style="list-style-type: none"> Community health works Public benefits navigators Lead remediation Community violence intervention 	Water and sewer <ul style="list-style-type: none"> Drinking water Wastewater infrastructure
Behavioral health care <ul style="list-style-type: none"> Mental health treatment Substance abuse treatment Crisis intervention 	Small businesses <ul style="list-style-type: none"> Loans Grants Counseling programs 	Housing and neighborhoods <ul style="list-style-type: none"> Homelessness Affordable housing Housing vouchers Residential counseling 	Broadband <ul style="list-style-type: none"> Currently unserved or underserved Modern technologies
Public health resources <ul style="list-style-type: none"> Payroll for public health and similar employees 	Impacted industries <ul style="list-style-type: none"> Tourism Travel Hospitality 	Educational disparities <ul style="list-style-type: none"> Early learning services School district resources Educational services 	
Essential workers <ul style="list-style-type: none"> Premium pay Retroactive premium pay 	Public sector <ul style="list-style-type: none"> Rehire public sector employees to pre-pandemic levels Replace lost revenue 	Healthy environments <ul style="list-style-type: none"> Childcare Enhanced child welfare services 	

Guidance for Eligible Uses

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
- Support immediate economic stabilization for households and businesses; and,
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

Non-Exclusive List of Ineligible Expenses

- Offset a **tax cut**
- Deposit in **pension funds**
- Bolstering **rainy day reserves**
- **Debt service** payments

How is ARP different from CARES?

- Counties and 21 cities **certify with U.S. Treasury** to receive funds.
- Counties, cities, and towns **report spending directly to U.S. Treasury.**
- Eligible uses
 - **Replace revenue losses** “due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the state, territory, or Tribal government prior to the emergency.”
 - Necessary investments in **water, sewer, or broadband infrastructure.**
- Spending timeline
 - **For costs incurred through December 31, 2024.** Federal guidance defines “costs incurred” to mean costs obligated for a specific purpose.

ARP vs. CARES on Payroll

CARES Act Guidance

Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. This means that, if this presumption applies, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020, and ends on December 31, 2021.

ARP Guidance

Treasury recognizes that responding to the public health and negative economic impacts of the pandemic, including administering the services described above, requires a substantial commitment of State, local, and Tribal government human resources. As a result, the **Fiscal Recovery Funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, to the extent that their services are devoted to mitigating or responding to the COVID–19 public health emergency.**

Applying for ARP Funds

- Counties and 21 cities **certify with U.S. Treasury** to receive funds.
 - Visit [U.S. Treasury website](#) to request funding.
- Non-entitlement units of local government will **certify with the state** to receive funds.
 - MMB will launch the request form online when it's ready.
 - Local governments will need
 - SWIFT ID – email EFThepline.MMB@state.mn.us with SWIFT ID questions
 - Budget information
 - Two contact people with phone numbers and email addresses

Administration of ARP Funds

- **Additional Treasury guidance is not yet available for the non-entitlement units of local governments.**
- Reporting processes
 - **Local governments receiving their funds directly from Treasury** will submit one interim report and then quarterly reports **directly to Treasury.**
 - **Local governments receiving their funds from the state** will submit annual reports by October 31 of each year. More information is expected soon.
 - **Local governments with more than 250,000 residents** will also submit an annual Recovery Plan Performance report **directly to Treasury.**

Other Funding Considerations

State and Federally Administered

- **Capital projects:** critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency
- **Housing:** emergency rental assistance, support for people experiencing homelessness, homeowner assistance fund, emergency assistance for rural housing, and housing counseling funds
- **Small business assistance:** Community Navigator Pilot Program, state small business credit initiative, Paycheck Protection Program, Economic Injury Disaster Loans, Restaurant Revitalization Fund, shuttered venue operators
- **Individual assistance:** estimated \$6.331 billion in direct stimulus checks to Minnesotans
- **Unemployment:** extending unemployment provisions through September 6, 2021, first \$10,200 in UI received in 2020 is non-taxable for households with incomes under \$150,000
- **Tax changes:** child tax credit improvements for 2021 including advance payment, earned income tax credits for individuals with no qualifying children, refundability and increase in value of child and dependent care tax credit, exempt student loan forgiveness from income tax from 2021 to 2025

State and Local Fiscal Recovery Funds Resources

- [Assistance for State, Local, and Tribal Governments Website](#) (U.S. Treasury)
- [Coronavirus State and Local Fiscal Recovery Funds FAQs](#) (U.S. Treasury, May 10, 2021)
- [Coronavirus State and Local Fiscal Recovery Funds for Non-Entitlement Units Website](#) (U.S. Treasury)
- [Coronavirus State and Local Fiscal Recovery Funds Quick Reference Guide](#) (U.S. Treasury)
- [FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver \\$350 Billion for State, Local, Territorial, and Tribal Governments to Respond to the COVID-19 Emergency and Bring Back Jobs](#) (U.S. Treasury, May 10, 2021)

ARP Resources

- [American Rescue Plan](#) (COVID-19 Response Accountability Office)
- [American Rescue Plan Act of 2021 Bill Text](#) (U.S. Congress)
- [American Rescue Plan Website](#) (The White House)
- [FACT SHEET: The American Rescue Plan Will Deliver Immediate Economic Relief to Families](#) (U.S. Treasury, March 18, 2021)
- [Sign up for COVID-19 Relief Updates via Email](#) (U.S. Treasury)

Treasury FAQs

The screenshot shows the U.S. Department of the Treasury website. The browser address bar displays the URL: home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds. The page header includes the U.S. Department of the Treasury logo and navigation links for ABOUT TREASURY, POLICY ISSUES, DATA, SERVICES, NEWS, and a SEARCH function. A breadcrumb trail reads: HOME > POLICY ISSUES > COVID19 ECONOMIC RELIEF > ASSISTANCE FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS > STATE AND LOCAL FISCAL RECOVERY FUND.

POLICY ISSUES

Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

FUNDING OBJECTIVES

Treasury is launching this much-needed relief to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control

On the right side of the page, there are two prominent blue buttons: "REQUEST FISCAL RECOVERY FUNDS" and "RECEIVE COVID-19 RELIEF UPDATES". Below these buttons is a list of links: Interim Final Rule, Fact Sheet, FAQs, Quick Reference Card, Press Release, Tribal Government Information, and Non-Entitlement Unit Information. A large blue arrow points from the "FAQs" link in this list towards a dark blue box on the right.

Coronavirus State and Local Fiscal Recovery Funds FAQs

Questions?

CRAOffice.MMB@state.mn.us

mn.gov/mmb/crao

Contact Information

Research Department

League of Minnesota Cities

<https://www.lmc.org/contact/submit-a-question/>

651-281-1200

research@lmc.org

Covid-19 Response Accountability Office

Minnesota Management and Budget

<https://mn.gov/mmb/crao>

CRAOffice.MMB@state.mn.us



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American Rescue Plan Act Funds - Minnesota's Process



Road to Recovery Series

If you experience technical difficulties, please contact GoToWebinar support at 1 (833) 851-8340.



Local Government ARP Funding Request Process

COVID-19 Response Accountability Office
Amy Jorgenson, Josh Botnen, and Maia Wahlberg

Local and State Fiscal Recovery Funds



Local Funds



State Funds

- **Responding to the Public Health Emergency**
- **Serving the Hardest Hit and Addressing Inequities**
- **Addressing Negative Economic Impacts**
- **Improving Access to Water and Broadband Infrastructure**

Use of funds must be decided by the end of 2024 and spent by the end of 2026

Local Fiscal Recovery Fund



Local Funds

- Direct Federal Payments to Minnesota Counties: **\$1.11 Billion**
- Direct Federal Payments to 21 Large Cities: **\$644 Million**
- Pass-through Payments to Remaining Cities & Towns: **\$377 Million**

Information Needed to Request Funds



Local Funds

- ✓ **Local government name and mailing address**
- ✓ **SWIFT supplier ID**
- ✓ **DUNS number**
- ✓ **Authorized representative name, title, phone, and email**
This can be an elected official or staff member
- ✓ **Contact person name, title, phone, and email**
This should be a different person than your authorized representative
- ✓ **Pre-pandemic budget information**

Details and resources to help prepare your request available online:
mn.gov/mmb/covid-19-response-accountability-office/arp/

Funding Request Process

✓ Visit mn.gov/mmb/covid-19-response-accountability-office/arp/local-governments/

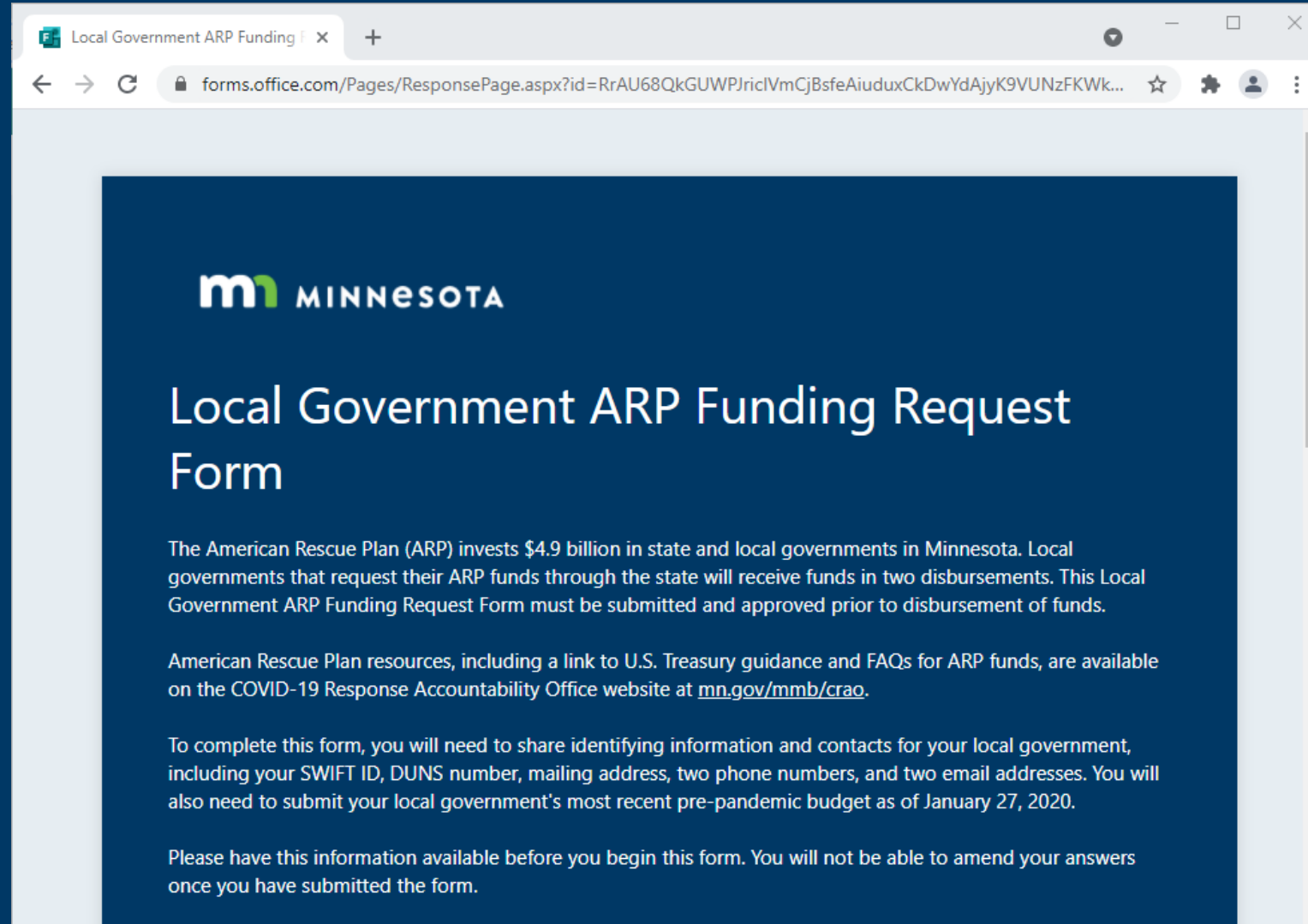
✓ Review instructions

✓ Collect required information

✓ Access online form

The screenshot shows a web browser window with the URL mn.gov/mmb/covid-19-response-accountability-office/arp/local-governments/. The page header includes the Minnesota COVID-19 Response Accountability Office logo and navigation links for American Rescue Plan, CARES Act, Reports, About Us, and Contact Us. The main content area is titled "Local government ARP funding request process" and includes a breadcrumb trail: Home > American Rescue Plan > Local Governments. Below the breadcrumb, there are links for "American Rescue Plan" and "Local Governments". The main heading is "Local government ARP funding request process", followed by a paragraph explaining that all cities and towns receiving ARP funds must complete the Local Government ARP Funding Request Form. Below this is the section "Preparing for your request", which lists required information: local government name and mailing address, SWIFT supplier ID (with links to access the list and update the profile), DUNS number, authorized representative name, title, phone, and email, contact person name, title, phone, and email, and total annual budget for Calendar Year 2020 (pre-pandemic) as of January 27, 2020. At the bottom of the page, there is a button labeled "Local government ARP funding request form". A green arrow points from the "Access online form" step in the list on the left to this button.

Request Form Walkthrough



The screenshot shows a web browser window with the following content:

- Browser tab: Local Government ARP Funding
- Address bar: forms.office.com/Pages/ResponsePage.aspx?id=RrAU68QkGUWPJricIVmCjBsfeAiuduxCkDwYdAjyK9VUNzFKWk...
- Logo: **m** MINNESOTA
- Section Header: **Local Government ARP Funding Request Form**
- Text: The American Rescue Plan (ARP) invests \$4.9 billion in state and local governments in Minnesota. Local governments that request their ARP funds through the state will receive funds in two disbursements. This Local Government ARP Funding Request Form must be submitted and approved prior to disbursement of funds.
- Text: American Rescue Plan resources, including a link to U.S. Treasury guidance and FAQs for ARP funds, are available on the COVID-19 Response Accountability Office website at mn.gov/mmb/crao.
- Text: To complete this form, you will need to share identifying information and contacts for your local government, including your SWIFT ID, DUNS number, mailing address, two phone numbers, and two email addresses. You will also need to submit your local government's most recent pre-pandemic budget as of January 27, 2020.
- Text: Please have this information available before you begin this form. You will not be able to amend your answers once you have submitted the form.

Local Government ARP Funds Timing



Local Funds

- Payments will begin after July 1, 2021
- 50% paid Summer 2021
- 50% paid Summer 2022

MMB is partnering with the Minnesota Department of Revenue to make payments

Request Form and Process Questions

- **League of Minnesota Cities**
Lisa Sova, Lsova@LMC.org
- **Minnesota Association of Townships**
Steve Fenske, Sfenske@mntownships.org
- **COVID-19 Response Accountability Office,**
Minnesota Management and Budget
[mn.gov/mmb/covid-19-response-accountability-office/arp/
CRAOffice.MMB@state.mn.us](https://mn.gov/mmb/covid-19-response-accountability-office/arp/CRAOffice.MMB@state.mn.us)

Contact Information

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Covid-19 Response Accountability Office

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<https://mn.gov/mmb/crao>

CRAOffice.MMB@state.mn.us



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PURCHASE AGREEMENT

THIS AGREEMENT is made as of 6/17, 2021 (the “Effective Date”) between **MAK Properties, Inc.**, a Minnesota corporation (“Seller”), and the **City of Blackduck**, a Minnesota municipal corporation (“Buyer”).

Recitals

A. Seller is the fee owner of property located in Beltrami County, Minnesota (“Property”), the legal descriptions of which is as follows:

See attached Exhibit A.

B. Seller wishes to convey, and Buyer wishes to purchase, the Property, as illustrated in the attached Exhibit A (“Parcel C”), together with all rights, privileges, easements, and appurtenances belonging thereto.

Agreement

In consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Purchase of Property.** Seller hereby agrees to sell and Buyer hereby agrees to purchase the Property including all easements and rights of every kind and nature benefiting or appurtenant to the Property, subject to the Permitted Encumbrances as provided herein.
2. **Purchase Price and Manner of Payment.** The total purchase price (“Purchase Price”) to be paid by Buyer to Seller for the Property shall be Forty Thousand Dollars (\$40,000.00), and shall be paid to Seller at closing, subject to the terms of this Agreement.
 - a. **Earnest Money.** Within 14 business days after the Effective Date, Buyer must deposit the sum of \$1,500.00 (the “Earnest Money”) with Sathre Title (“Escrow Agent”). At Closing, Escrow Agent shall disburse to Seller the Earnest Money and Buyer shall receive a credit against the Purchase Price in an amount equal to the amount of the Earnest Money.
3. **Buyer Contingencies.** The obligations of Buyer under this Agreement are contingent upon each of the following:

- a. **Representation and Warranties.** The representations and warranties of Seller contained in this Agreement must be accurate in all material respects now and on the Closing Date as if made on the Closing Date.
- b. **Title.** Title shall have been found marketable, or been made marketable, in accordance with the requirements and terms of Section 6 below.
- c. **Performance of Seller's Obligations.** Seller shall have performed all of the obligations required to be performed by Seller under this Agreement as and when required by this Agreement.
- d. **Inspection.** Buyer shall have the right to enter the Property through July 15, 2021 (the "Due Diligence Period") and perform such surveys, tests and investigations as Buyer deems advisable, all at Buyer's sole expense. Buyer shall keep the Property free from mechanic's liens arising from such work. Buyer shall be responsible for any property damage or personal injury arising from such work. Buyer shall determine, in its sole judgment, whether the condition of the Property is suitable for Buyer's intended use, and may terminate this Agreement without liability through the end of the Due Diligence Period

If any contingency set forth above has not been satisfied on or before the Closing Date, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller. Upon such termination, the Earnest Money shall be refunded to Buyer and neither party will have any further rights or obligations regarding this Agreement or the Property. All the contingencies set forth in this Section are for the sole and exclusive benefit of the Buyer and the Buyer shall have the right to waive any contingency by written notice to Seller.

4. Closing. The closing of the purchase and sale contemplated by this Agreement ("Closing") shall be held at such place as may be agreed upon by the parties, on or before _____, 2021 ("Closing Date"). At the Closing, Buyer shall pay the Purchase Price to Seller and the following closing documents shall be executed and delivered.

- a. Seller shall deliver a warranty deed conveying the Property to Buyer, free and clear of all encumbrances, except the following "Permitted Encumbrances":
 - (1) Property taxes and special assessments to be paid in accordance with this Agreement; and
 - (2) Building codes and laws and ordinances relating to zoning and land use.

- b. A title insurance policy, or a suitably marked-up commitment for title insurance initialed by the Title Insurer, in the form required by this Agreement.
- c. An Affidavit by Seller indicating no adverse matters.
- d. A closing statement detailing the financial terms of the closing.
- e. All other documents necessary to transfer the Property to Buyer free and clear of all encumbrances except the Permitted Encumbrances.

5. Costs and Prorations. Seller and Buyer agree to the following prorations and allocation of costs:

- a. **Title Insurance and Closing Fee.** Seller will pay all costs of issuing the title insurance commitment. Buyer will pay all title insurance premiums and surcharges required for the issuance of any title insurance policy. Buyer and Seller will each pay one half of all reasonable and customary closing fees charged by the Title Insurer.
- b. **Documentary Taxes.** Seller shall pay the state tax for the deed to be delivered by Seller under this Agreement.
- c. **Real Estate Taxes and Levied and Pending Assessments.** General real estate taxes due and payable in 2021 shall be prorated by Seller and Buyer to the Closing Date based upon a calendar fiscal year. Any deferred property taxes or otherwise unpaid taxes, penalties and interest accrued prior to 2021 shall be paid by Seller. Seller shall pay all special assessments levied or pending against the Property as of the date of this Agreement.
- d. **Attorney's Fees.** Each party will pay its own attorney's fees, except that a party defaulting under this Agreement or any closing document will pay the reasonable attorney's fees and court costs incurred by the non-defaulting party to enforce its rights regarding such default.

6. Title.

- a. Quality of Title.** Seller shall convey good and marketable fee title to the Property to Buyer, subject to no liens, easements, encumbrances, conditions, reservations or restrictions other than the Permitted Encumbrances.
- b. Title Evidence.** Seller shall obtain a commitment (“Title Commitment”) for the most current form of owner’s policy of insurance in the amount of the Purchase Price insuring title to the Property subject only to the Permitted Encumbrances. In addition, Seller shall obtain a Land Title Survey of the Property (the “Survey”) prepared by a duly licensed land surveyor licensed in Minnesota and acceptable to Buyer. The Survey shall identify the Title Commitment and show all exceptions disclosed in the Title Commitment. The Survey shall be certified to Buyer and the Title Company. In the event the Survey, or any recertification thereof, shows any encroachments or any improvements upon, from, or onto the Property, or on or between any building setback line, lot line, or any easement, or other condition unacceptable to Buyer, in Buyer’s sole discretion, said encroachment, easement, or other condition shall be treated in the same manner as Title Defect(s). The Title Commitment and the Survey together constitute the Title Evidence.
- c. Buyer’s objections.** Within twenty days after receiving the last of the Title Evidence, Buyer shall make written objections (“Objections”) to the form and or contents of the Title Evidence. Buyer’s failure to make Objections within such time period will constitute waiver of Objections. Any matter shown on such Title Evidence and not objected to by Buyer shall be deemed an additional “Permitted Encumbrance” hereunder. Seller shall have 30 days after receipt of the Objections to cure the objections, during which period the Closing will be postponed as necessary. Seller shall use its best efforts to correct any Objections. If the Objections are not cured within such 30-day period, Buyer will, in addition to any other remedy available at law or under this Agreement, have the option to do either of the following:
- (1) Terminate this Agreement; or
 - (2) Waive the objections and proceed to close, in which case such matters shall be deemed Permitted Encumbrances hereunder.
- d. Title Policy.** Title Insurer shall deliver to Buyer at the closing a title policy issued pursuant to the commitment, or a suitably marked-up commitment

initialed by the Title Insurer undertaking to issue such a title policy in the form required by the commitment as approved by Buyer.

7. Representations and Warranties by Seller. Seller represents and warrants to Buyer as follows:

- a. Authority.** Seller has the requisite power and authority to enter into and perform this Agreement.
- b. Title to Property.** Seller owns the Property and will deliver it free and clear of all encumbrances except the Permitted Encumbrances.
- c. Rights of Others to Purchase Property.** Seller has not entered into any other contracts for the sale of the Property.
- d. FIRPTA.** Seller is not a “foreign person,” “foreign partnership,” “foreign trust” or “foreign state” as those terms are defined in § 1445 of the Internal Revenue Code.
- e. Proceedings.** To the best knowledge of Seller, there is no action, litigation, investigation, condemnation or proceeding of any kind pending or threatened against Seller or the Property.
- f. Hazardous Materials.** To Seller’s actual knowledge, without duty to investigate, no toxic or hazardous substances (including, with limitation, asbestos, urea foam formaldehyde, the group of organic compounds known as polychlorinated biphenyls, and any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), 42 U.S.C. § 9601-9657, as amended) have been generated, treated, stored, released, or disposed of, or otherwise deposited in or located on the Property, including with limitation, the surface or subsurface waters of the Property, nor has any activity been undertaken on the Property which would cause (i) the Property to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of the Resource Conservation and Recovery Act of 1976 (“RCRA”), 42 U.S.C. § 6901, *et. seq.*, or any similar state law or local ordinance or any other environmental law; (ii) a release or threatened release of hazardous waste from the Property within the meaning of, or otherwise bring the Property within the ambit of CERCLA, or any similar state law or local ordinance, or any other environmental law; or (iii) the discharge of pollutants or effluents into any water source or system, or the discharge into the air or any emissions, which would require a permit under the Federal Water Pollution Control

Act, 33 U.S.C. § 7401, et.seq., or any similar state law or local ordinance or any other environmental law. To the best of Seller's knowledge: (i) there are no substances or conditions in or on the Property which may support a claim or cause of action under RCRA, CERCLA, or any other federal, state, or local environmental statutes, regulations, ordinances, or other environmental regulatory requirements, and (ii) no underground deposits which cause hazardous wastes or underground storage tanks are located on the Property.

- g. Wells and Septic Systems.** Seller shall provide Buyer with a well disclosure statement and a septic system disclosure statement, which disclosure statements are incorporated in this Section by reference.

Seller will defend, indemnify and hold harmless Buyer from and against any expenses or damages, including reasonable attorney's fees that Buyer incurs because of the breach of any of the above representations and warranties. Consummation of this Agreement by Buyer with knowledge of any such breach by Seller will constitute a waiver or release by Buyer of any claims due to such breach. Each of the representations and warranties contained herein shall survive the Closing.

8. Representations and Warranties by Buyer. Buyer has the requisite power and authority to enter into and perform this Agreement. This Agreement is subject to formal approval of the Blackduck City Council.

9. Control of Property. Subject to the provisions of this Agreement, until the Date of Closing, Seller shall have full responsibility and the entire liability for any and all damages or injuries of any kind whatsoever to the Property, to any and all persons, whether employees or otherwise, and to any other property from and connected to the Property, except liability arising from the negligence or willful acts of Buyer, its agents, contractors, or employees, and except as may otherwise be provided by separate agreement between the Parties.

10. Broker's Commission. Seller and Buyer represent and warrant to each other that they have dealt with no broker, finder or other person entitled to a commission, finder's fee or similar fee in connection with this transaction.

11. Assignment. Neither party may assign its rights under this Agreement without prior written consent of the other party. Any such assignment will not relieve such assigning party of its obligations under this Agreement.

12. Survival. All of the terms of this Agreement will survive and be enforceable after the Closing.

13. Notices. Any notice required or permitted to be given by any party to the other shall be given in writing, and shall be (i) hand delivered to the specified addressee, or (ii) mailed in a sealed envelope by United States registered or certified mail, return receipt requested, postage prepaid, or (iii) properly deposited with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: Matthew Sparby
 Mak Properties, Inc.
 1499 Anne Street N.W.
 Bemidji, MN 56601

If to Buyer: Christina Regas
 City of Blackduck
 8 Summit Ave. N.E.
 Blackduck, MN 56630

With copy to: Ratwik, Roszak & Maloney, P.A.
 Attention: Joseph Langel
 730 Second Avenue South, Suite 300
 Minneapolis, MN 55402

Notices shall be deemed effective on the earlier of the date of receipt, or in the case of such deposit in the mail or with an overnight courier, on the first business day following such deposit. Any party may change its address for the service of notice by giving written notice of such change to the other party.

14. Entire Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any and all other oral or written agreements, negotiations, understandings and representations between the parties regarding the Property.

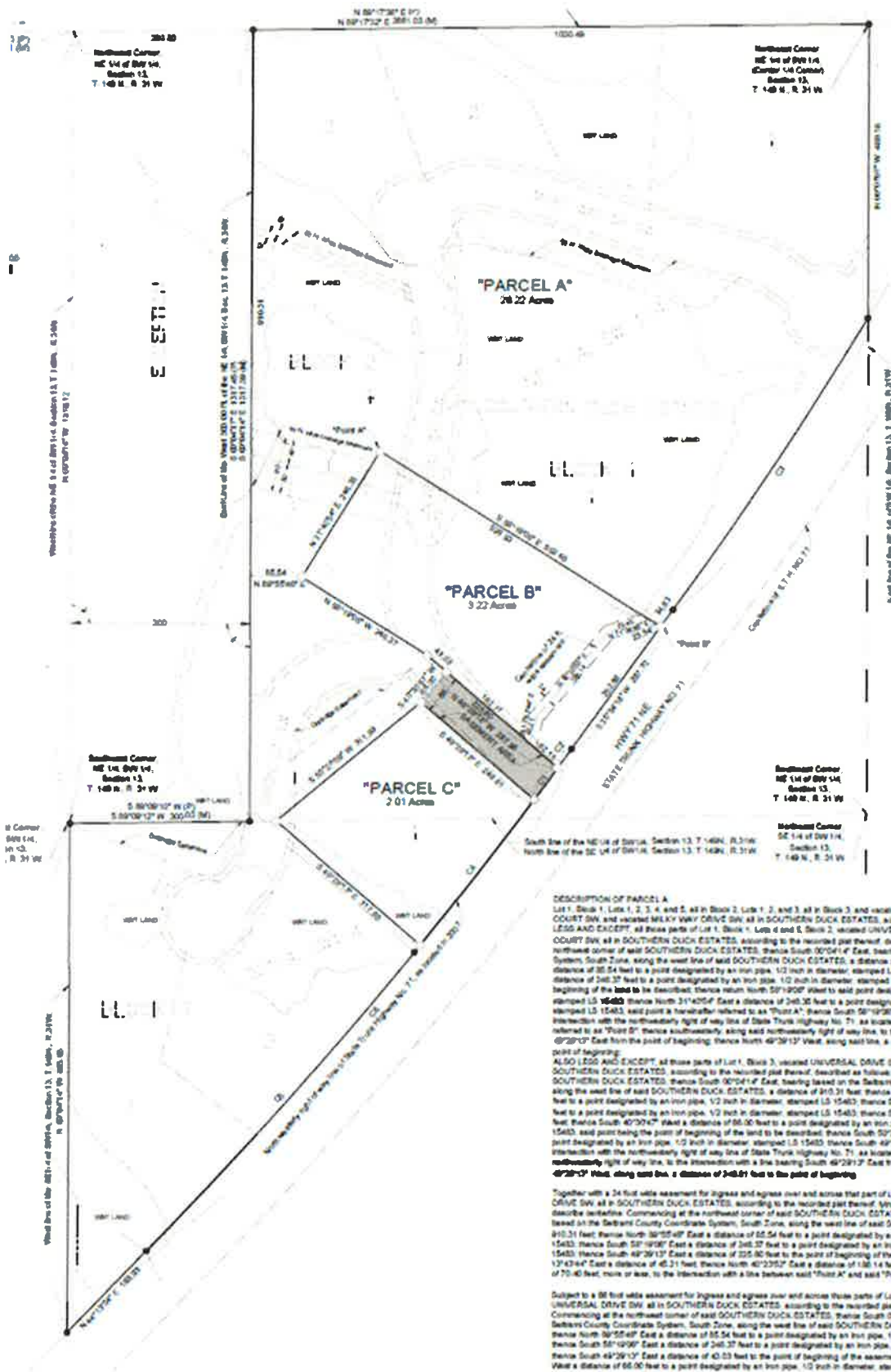
15. Amendment; Waiver. No amendment of this Agreement, and no waiver of any provision of this Agreement, shall be effective unless set forth in a writing expressing the intent to so amend or waive, and the exact nature of such amendment or waiver, and signed by both parties (in the case of amendment) or the waiving party (in the case of waiver). No waiver of a right in any one instance shall operate as a waiver of any other right, nor as a waiver of such right in a later or separate instance.

16. Governing Law. This Agreement is made and executed under and in all respects is to be governed and construed under the laws of the State of Minnesota.

17. Binding Effect. This Agreement binds and benefits the parties and their respective successors and assigns.

**EXHIBIT B
TO PURCHASE AGREEMENT**

[see following page]



18. Remedies.

- a. Default by Buyer.** If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement by giving a 30-day written notice to Buyer pursuant to Minnesota Statutes § 559.21. If Buyer fails to cure such default within 30 days of the date of such notice, this Agreement will terminate.

- b. Default by Seller.** If Seller defaults under this Agreement, Buyer may sue for specific performance of this Agreement or actual damages caused by Seller's default.

SELLER: MAK Properties, Inc.

By: 
Its: _____

Date: 6/17/21

BUYER: City of Blackduck

By: _____
Maxwell Gullette, Mayor

Date: _____

By: _____
Christina Regas, City Administrator

Date: _____

**EXHIBIT A
TO PURCHASE AGREEMENT**

Legal Description

All those parts of Lot 1, Block 3, vacated UNIVERSAL DRIVE SW and vacated ORION COURT SW, all in SOUTHERN DUCK ESTATES, according to the recorded plat thereof, described as follows: Commencing at the northwest corner of said SOUTHERN DUCK ESTATES, thence South 00°04'14" East, bearing based on the Beltrami County Coordinate System, South Zone, along the west line of said SOUTHERN DUCK ESTATES, a distance of 910.31 feet; thence North 89°55'46" East a distance of 85.54 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483; thence South 58°19'06" East a distance of 246.37 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483; thence South 49°29'13" East a distance of 43.03 feet; thence South 40°30'47" West a distance of 66.00 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483, said point being the point of beginning of the land to be described; thence South 50°27'09" West a distance of 311.99 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483; thence South 49°29'13" East a distance of 317.65 feet to the intersection with the northwesterly right of way line of State Trunk Highway No. 71, as located in 2007; thence northeasterly, along said northwesterly right of way line, to the intersection with a line bearing South 49°29'13" East from the point of beginning; thence North 49°29'13" West, along said line, a distance of 249.61 feet, more or less, to the point of beginning.

Together with a 66 foot wide easement for ingress and egress over and across those parts of Lot 1, Block 1, Lot 1, Block 3, and vacated UNIVERSAL DR SW, all in SOUTHERN DUCK ESTATES, according to the recorded plat thereof, described as follows: Commencing at the northwest corner of said SOUTHERN DUCK ESTATES, thence South 00°04'14" East, bearing based on the Beltrami County Coordinate System, South Zone, along the west line of said SOUTHERN DUCK ESTATES, a distance of 910.31 feet; thence North 89°55'46" East a distance of 85.54 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483; thence South 58°19'06" East a distance of 246.37 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483; thence South 49°29'13" East a distance of 43.03 feet to the point of beginning of the easement to be described; thence South 40°30'47" West a distance of 66.00 feet to a point designated by an iron pipe, 1/2 inch in diameter, stamped LS 15483; thence South 49°29'13" East a distance of 249.61 feet to the intersection with the northwesterly right of way line of State Trunk Highway No. 71, as located in 2007; thence northeasterly, along said northwesterly right of way line, to the intersection with a line bearing South 49°29'13" East from the point of beginning; thence North 49°29'13" West, along said line, a distance of 244.92 feet, more or less, to the point of beginning.

American Security Cabinets has partnered with the Department of Minnesota – Veterans of Foreign Wars to create stainless steel, 100% made in the USA, Flag Retirement Drop boxes to allow the community to properly dispose of worn, torn and faded American Flags in a respectful manner. Shredding or throwing an American Flag away is disrespectful not only to the community, but to our veterans and those currently serving.

Once Flag Drop boxes become full, the flags can be properly disposed of in respectful retirement ceremonies, most often put on by local VFW's, American Legions, Boy Scout Troops and organizations as such.

Choose from Interior and Exterior Flag Drop Boxes, along with decal design options for your unit.

Call 1-866-268-4955 with additional questions or to place your order.

Mention Promo Code: VFWMN to receive 5% off your order!

Interior Design Options:

Choose one of the 5 options below.

Option 1:



Flag Decal Set

Option 2:



Eagle Decal Set

Option 3:



Iwo Jima Decal Set

Option 4:



Saluting Soldier Decal Set

Option 5:



Flag Wrap Set

Each decal set contains 4 decals:

- Hopper: "PLACE RETIRED FLAGS HERE" decal

The Flag Wrap set features an attractive, patriotic flag and eagle wrap design with vinyl lettering:

- Access door: "FLAGS SHOULD NOT BE TOSSED IN THE GARBAGE OR SHREDDERED" decal
- (2) Sides: "U.S. FLAG RETIREMENT DROP BOX" decals with a different patriotic design for each option.

- Hopper: "PLACE RETIRED FLAGS HERE"
- Access door: "FLAGS SHOULD NOT BE TOSSED IN THE GARBAGE OR SHREDDERED"
- (2) Sides: "U.S. FLAG RETIREMENT DROP BOX"

Exterior Design Options:

Choose one of the 4 options below.

Option 1:



Flag Decal Set

Option 2:



Eagle Decal Set

Option 3:



Iwo Jima Decal Set

Option 4:



Saluting Soldier Decal Set

Each decal set contains 5 decals:

- Hopper: "PLACE RETIRED FLAGS HERE" decal
- Access door: "FLAGS SHOULD NOT BE TOSSED IN THE GARBAGE OR SHREDDERED" decal
- (2) Sides: "U.S. FLAG RETIREMENT DROP BOX" decals with a different patriotic design for each option.
- (1) patriotic decal on the under-side of the one-hand chute.

Call 1-866-268-4955 with additional questions or to place your order.

Mention Promo Code: VFWMN to receive 5% off your order!

There's a **MEETING**

at the



Blackduck Golf Course

Tuesday June 29, 2020

4:30pm



All golf members, community members, local business owners, and golf board members are encouraged to attend.

Discussion: Concerns, future plans, creative ideas regarding the Blackduck Golf Course. All interested persons are invited to attend to offer their input, comments and suggestions.

Hope to see you there!

Refreshments provided



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.

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Chapter 14

Community Development and Redevelopment

Learn about the requirements for a city to establish criteria for awarding business subsidies and various development agencies cities may create. Find an overview of state and federally sponsored programs for encouraging development and redevelopment. Most economic development tools can be applied to any size city. These tools are interrelated, and a city may use several for one project.

RELEVANT LINKS:

[Minn. Stat. § 116J.993, subd. 3.](#)

[Minn. Stat. § 116J.994, subd. 5.](#)

[Minnesota Department of Employment and Economic Development \(DEED\). Minn. Stat. § 116J.994, subd. 11.](#)

[Minn. Stat. § 116J.994, subd. 3.](#)

I. Business subsidies or financial assistance

A. Business subsidies

State law defines “business subsidy” or “subsidy.” It is a state or local government agency grant, contribution of personal property, real property, infrastructure, or the principal amount of a loan at rates below those commercially available to the recipient. In addition, a business subsidy is any reduction or deferral of any tax or any fee; any guarantee of any payment under any loan, lease, or other obligation; or any preferential use of government facilities given to a business in an amount greater than \$150,000.

Prior to awarding a business subsidy (financial assistance of more than \$150,000 or as required by law) to any business, a city and any housing and redevelopment authority (HRA), economic development authority (EDA), port authority, or nonprofit created by a local government, must hold a public hearing and adopt criteria for awarding business subsidies.

The criteria must not be adopted on a case-by-case basis and must set the minimum requirements that recipients must meet in order to be eligible. It must include a policy regarding the wages to be paid for any jobs created. Copies of the criteria adopted by cities are found on the Minnesota Department of Employment and Economic Development (DEED) website. The public hearing notice must include a statement that either a resident or a city property owner may file a written complaint with the city if the city does not follow the business subsidy law. Written complaints must be filed within specified timelines.

Once the criteria are established, the grantor and the recipient must enter into a subsidy agreement that meets the statutory requirements. The agreement must include an obligation to repay at least part, if not all, of the subsidy if the recipient does not meet its obligations.

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. § 116J.994, subd. 11.](#)

[Minn. Stat. § 116J.993, subd. 3.](#)
[Minn. Stat. § 116J.994, subd. 3.](#)

[Minn. Stat. § 116J.994, subds. 4, 7, 8.](#)

[Minn. Stat. § 116J.994, subd. 2.](#)
[Minn. Stat. § 116J.994, subd. 8.](#)

[Minn. Stat. § 469.041.](#)

Citizens or owners of taxable property may bring a civil action against the city for failure to comply with business subsidy laws. To do so, citizens must file a written complaint with the grantor within 180 days after the approval of the subsidy. Cities should therefore consult closely with the city attorney before awarding a business subsidy.

Defining a business subsidy is more complicated than it may first appear, as there are several exceptions to the definition, including instances where a subsidy of less than \$150,000 may be a business subsidy. Meanwhile, assistance for redevelopment, pollution control and land cleanup, housing, industrial revenue bonds, utility property tax abatements, and other similar programs may not be defined as a subsidy.

Recipients must provide grantors with information on their progress toward the goals outlined in the agreement. The goals for increasing jobs or retaining jobs must result in local job creation and job retention. Grantors must submit the annual Minnesota Business Assistance Form (MBAF) to the Department of Employment and Economic Development (DEED) by April 1 each year for each business subsidy agreement. Local government agencies in cities with a population of 2,500 or more must submit an MBAF, regardless of whether they have awarded business subsidies. Local government agencies in cities with a population of 2,500 or less are exempt from filing the MBAF if they have not awarded a subsidy in the past five years.

B. Financial assistance

Cities may offer “financial assistance” in the form of a business loan of more than \$25,000 or a guarantee of \$75,000 or more, but less than the \$150,000 required to constitute a business subsidy. If a city offers such financial assistance it must develop criteria and set minimum wage floor levels as prescribed in business subsidy law. Cities granting such financial assistance must submit business assistance reports to DEED within one year of granting the assistance.

II. City development tools

A. General city development powers

Cities have authority to aid and cooperate in the planning, construction, or operation of economic development, and housing and redevelopment projects. The following is a partial list of actions cities may take, with or without compensation:

RELEVANT LINKS:

[Minn. Stat. § 469.192.](#)

Judd Supply Co. v. Merchants & Mfgs. Ins. Co., 448 N.W.2d 895 (Minn. Ct. App. 1989).

[Minn. Stat. § 469.003.](#)

[Minn. Stat. § 469.003, subd. 1.](#)

[Minn. Stat. § 469.003, subds. 2, 4.](#)

- Dedicate, sell, convey, or lease any of its interests in any property or grant easements, licenses, or any other rights or privileges to an HRA.
- Furnish parks, playgrounds, recreational, community education, water, sewer, and drainage facilities or other works adjacent to or in connection with housing and redevelopment projects.

A statutory city, home rule charter city, economic development authority, housing and redevelopment authority, or port authority may make a loan to a business, a for-profit or nonprofit organization, or an individual for any purpose the entity is otherwise authorized to carry out under any of the laws cited.

Private development projects that receive public financial or other assistance will not necessarily become public projects that trigger competitive bidding or other state laws applicable to public works.

B. Housing and redevelopment authorities

The predominant method of delivering and administering housing and redevelopment programs in Minnesota is through an HRA, which is a legal public agency, accountable to city government. There are more than 230 HRAs in Minnesota.

1. Elements of an HRA

An HRA is a public corporation with power to undertake certain types of housing and redevelopment or renewal activities. While state legislation conveys authority for housing and redevelopment in each city, it is up to the city council to formally establish an HRA before it can do business and use its powers. Once a council legally establishes an HRA, it may undertake certain types of planning and community development activities on its own without council approval.

To create a housing and redevelopment authority, the city council must, by resolution, make one of the following findings required by law:

- There are substandard, slum, or blighted areas that cannot be redeveloped without governmental assistance.
- There is a shortage of affordable, decent, safe, and sanitary dwelling accommodations available to low-income individuals and families.

The council must pass this resolution after a public hearing. A certified copy of this resolution must be filed with the DEED commissioner.

RELEVANT LINKS:

[Minn. Stat. § 469.002, subd. 8.](#)
[Minn. Stat. § 469.004, subd. 5.](#)

[Minn. Stat. § 469.003, subds. 5, 6.](#)

[24 C.F.R. 964.400 to 964.430.](#)

[Minn. Stat. § 469.003, subd. 7.](#)

[Minn. Stat. § 469.011, subd. 2.](#)
[Minn. Stat. § 469.011, subd. 4.](#)

[Minn. Stat. § 469.012, subd. 1.](#)

2. Area of operation for an HRA

The area of operation of a city HRA is the territorial boundaries of that city. Establishment of an active county or multi-county HRA precludes the formation of city HRAs. City housing and redevelopment authorities must petition the county (or multi-county) HRA for authorization to establish a local housing authority, and this petition must be approved by the DEED commissioner.

3. HRA membership

An HRA consists of up to seven commissioners who are residents of the city. The mayor appoints and the council approves the members who serve five-year, staggered terms. City councilmembers often serve on the HRA. The entire membership of an HRA may consist of councilmembers.

Any public housing agency that holds a public housing annual contribution contract with HUD or that administers Section 8 tenant-based rental assistance must comply with federal regulations, which require that at least one commissioner must be either 1) a resident of the HRA's public housing program or 2) a recipient of Section 8 tenant-based assistance. The rule does not apply to state-financed public housing projects or Section 8 project-based assistance. A small public housing agency exception also exists.

The city clerk must file a certificate of appointment for each commissioner of a city HRA and send a certified copy to the commissioner of DEED.

The HRA shall select a chair and a secretary and shall adopt bylaws and rules of conduct. Each commissioner may receive necessary expenses, including traveling expenses, incurred in the performance of duties. Each commissioner may be paid up to \$75 for attending each regular and special meeting of the authority. Commissioners who are elected officials may receive daily payment for a particular day only if they do not receive any other daily payment for public service on that day. Commissioners who are full-time public employees may receive the expenses described in the statute unless the expenses are reimbursed from another source.

4. HRA powers

An HRA is primarily responsible for the planning and implementation of redevelopment and/or low-rent housing assistance programs within its area of operation. An HRA has all the powers necessary to carry out the state HRA Act, including, but not limited to, the following powers:

RELEVANT LINKS:

[Minn. Stat. § 469.033, subd. 6.](#)
[Minn. Stat. § 275.70 to 275.74.](#)

[Minn. Stat. § 275.066.](#)

- To sue and be sued.
- To employ staff and an executive director.
- To undertake projects within its area of operation and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part of a project.
- To sell, buy, own, and lease property by any means necessary, including the power of eminent domain.
- To cooperate with and use state and federal financial assistance programs.
- To develop rehabilitation and code enforcement techniques.
- To issue bonds for any of its corporate purposes backed by the pledge of revenues, grants, or other contributions.
- To implement renewal or redevelopment programs using tax increment financing.
- To own, hold, improve, lease, sell, or dispose of real or personal property.
- To designate substandard, slum, or deteriorating areas needing redevelopment, and unsafe, unsanitary, and overcrowded housing.
- To make necessary expenditures to carry out the purposes of the HRA law.
- To develop and administer an interest reduction program to assist the financing of the construction, rehabilitation, or purchase of low- or moderate-income housing.

5. HRA special assessment and levy authority

HRA power to levy and collect taxes or special assessments is limited to the power provided in state law. Subject to a resolution of consent from the city council, an HRA may levy a tax upon all taxable property within the city. The council may give a consent that covers a series of years if they so choose or council may pass a resolution authorizing an HRA levy for a set amount of time, for example, the entire term of the bonds secured in part by an HRA levy and in part by a city levy. State law recognizes the distinct nature of HRAs and designates them as “special taxing districts.” The maximum general allowable operational levy of HRAs is 0.0185% of the previous year’s estimated market value of all property in the city.

The city’s estimated market value is available from the county assessor. An HRA raises its own levy because it is a separate political subdivision and not a “local governmental unit.” Therefore, an HRA levy is not subject to levy limits, but is subject to the 0.0185% estimated market value limit. Levies collected by an HRA must be used only for purposes listed in the HRA Act.

RELEVANT LINKS:

[Minn. Stat. § 469.107.](#)
[Minn. Stat. § 275.066.](#)

Minnesota Department of
Employment and Economic
Development: [The Economic
Development Authorities
Handbook.](#)

[Minn. Stat. § 469.012, subd.
4.](#)
[Minn. Stat. § 469.028.](#)

[Minn. Stat. § 469.015, subds.
1a, 4.](#)

[Minn. Stat. § 469.033.](#)
[Minn. Stat. § 469.034.](#)

[Minn. Stat. § 469.034, subd.
1.](#)

There is crossover between HRA and EDA (economic development authority) levies that can be confusing. While a city may, at the request of an EDA, levy a tax not more than 0.01813% of the estimated market value, many city EDA-enabling resolutions adopt all the powers of an HRA, and then the EDA/HRA functions as a special taxing district under state law, .

If the enabling resolution so allows, the EDA will then function as an HRA and, with consent of the city council, levy the HRA levy, which is not subject to levy limits or city debt limits, but is subject to the 0.0185% of the city's estimated market value limit in state law. The city attorney may verify the structure and levy authority of each city's HRA and/or EDA.

While HRAs have the legal authority to “do whatever is necessary and convenient” to implement redevelopment, they are subject to the ordinances and laws of the city. The city council must approve HRA plans before the HRA may begin implementation.

6. HRA contracting

All HRA construction work and purchases of equipment, supplies, or materials that involve expenditure of more than \$175,000 must be competitively bid. An HRA (and a city) may also use the “best value alternative.” There are limited exceptions to these requirements for emergencies and certain circumstances.

7. HRA financing

Operating funds, capital improvements, and debt retirement expenses for HRA projects may be financed by any one or any combination of the following methods:

- Federal grants.
- Revenue bonds the HRA or local governing body sells.
- General obligation bonds the local governing body sells.
- Tax increments from redevelopment projects.
- A limited levy for redevelopment projects and planning activities.

When an HRA issues bonds, the revenue generated must be used for the projects financed, or bond costs must be paid from income generated by designated projects.

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.](#)

[Minn. Stat. § 469.107.](#)

[Minn. Stat. § 469.107.](#)

Minnesota Department of Employment and Economic Development: [The Economic Development Authorities Handbook.](#)

Minnesota Department of Employment and Economic Development, [The Economic Development Authorities Handbook.](#)

[Minn. Stat. § 469.091.](#)

[Minn. Stat. § 469.192.](#)

[Minn. Stat. § 469.192.](#)
[Minn. Stat. § 469.102.](#)

[Minn. Stat. § 469.033 subd. 4](#)
[Metropolitan Council, City Development Powers](#)

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.

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.

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.

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.

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.

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.

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.

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.

RELEVANT LINKS:

[Minn. Stat. § 469.051, subd. 2.](#)

[Minn. Stat. § 469.051, subds. 4 to 6.](#)

[Minn. Stat. § 469.051, subd. 9.](#)

[Minn. Stat. § 469.054 subd. 1.](#)
[Minn. Stat. § 469.056 subd. 1, 2.](#)
[Minn. Stat. § 469.054 subd. 3.](#)

[Minn. Stat. § 469.109.](#)

[Minn. Stat. § 469.111.](#)

[Minn. Stat. § 496.109.](#)

A port authority shall annually elect a president or chair, vice president or vice chair, treasurer, secretary, and assistant treasurer. A commissioner may not serve as president or chair and vice president or vice chair at the same time. The other offices may be held by one commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

The treasurer of a port authority must be bonded to faithfully perform these duties:

- Receive and be responsible for port authority money.
- Be responsible for the acts of the assistant treasurer, if appointed.
- Disburse port authority money by check or electronic procedures.
- Keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements.
- File the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

The port authority's annual 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.

The authority must examine the statement together with the treasurer's vouchers. If the authority finds the statement and vouchers correct, it shall approve them by resolution and record the resolution.

State law governs many other aspects of port authorities, including but not limited to the use of city property by a port authority, employment, and contracts. The city attorney also acts as the port authority's attorney.

E. Local or area redevelopment agencies

The purpose of area redevelopment agencies is to create new employment opportunities and promote economic redevelopment of rural areas and of depressed or underdeveloped areas of the state.

Any municipality or group of municipalities may establish a redevelopment agency in and for the area the municipality or group of municipalities it covers, if:

- The area is rural or there is substantial and persistent unemployment in the area for an extended period of time.
- The rate of unemployment, excluding unemployment due to seasonal or temporary factors, is 6% or more and the conditions are not likely to be alleviated without public financial or planning assistance.

RELEVANT LINKS:

[Minn. Stat. § 469.110, subd. 11.](#)

[Minn. Stat. § 469.110 subd. 4.](#)

[Minn. Stat. § 469.111.](#)

[Minn. Stat. § 469.111 subd. 5.](#)

[Minn. Stat. § 469.115.](#)

[Minn. Stat. § 469.124.](#)

[Minn. Stat. § 469.126, subd. 2.](#)

[Minn. Stat. § 469.127.](#)

[Minn. Stat. § 469.152.](#)

Rural areas are defined as areas that are not within the boundary of any city having a population of 50,000 or more, and not immediately adjacent to urbanized and urbanizing areas with a population density of more than 100 people per square mile — or areas with an unemployment rate of 6% or more.

This law defines municipalities as home rule charter or statutory cities, counties, towns, or school districts.

To establish an area development agency, the governing body of the municipality must first hold a public hearing, and then find by resolution that the area is rural, depressed, or underdeveloped as defined in statute. The resolution must be filed with the commissioner of employment and economic development.

The board of commissioners shall be appointed by the mayor and all five commissioners must be residents of the area of operation of the local agency.

An area redevelopment agency has similar powers to an EDA/HRA.

F. City development districts

Any home rule charter or statutory city may designate development districts for areas within the boundaries of the city that are already built up. Development districts are established to provide employment opportunities, improve the tax base, and strengthen the general economy of the state. Within these districts, cities may:

- Adopt a development program to improve physical facilities, quality of life, and quality of transportation.
- Promote pedestrian skyway systems.
- Install special lighting systems, street signs and street furniture, landscaping of streets and public property, and snow removal systems.

The law encourages pedestrian skyway systems, underground pedestrian concourses, people mover systems, and publicly owned parking structures. It exempts these structures from taxation even when they are attached to privately owned buildings.

G. Municipal industrial development

For the purpose of attracting industrial and commercial development and encouraging local governments to prevent economic deterioration, any home rule charter or statutory city or its redevelopment agency has the power to promote industrial development by:

RELEVANT LINKS:

[Minn. Stat. § 469.155.](#)

[Minn. Stat. § 469.153.](#)

[Minn. Stat. § 469.155, subd. 14.](#)

[Minn. Stat. § 462C.01.](#)
[Minn. Stat. § 462C.04.](#)
[Minn. Stat. § 462C.07.](#)

- Acquiring, constructing, and holding lands, buildings, easements, improvements to lands and buildings, capital equipment, and inventory for industrial projects.
- Issuing revenue bonds and entering into revenue agreements to finance these activities to promote industrial projects.
- Refinancing health care and other facilities.

Under the legislation, cities assist industries in starting operations and use generated revenues to repay the costs. This law is the basis for issuing most industrial revenue bonds.

Projects eligible for assistance include, but are not limited to:

- Any revenue-producing enterprises engaged in assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacturing.
- Any research and development activity in these fields or in the manufacturing, creation, or production of intangible property, including patents, copyrights, formulas, processes, or designs.
- Properties designated as a qualified green building and sustainable design project under state law.
- Costs related to dewatering activities.

The law prohibits a city from operating any of these projects as a business or in any manner other than the manner outlined by law.

III. Other development strategies

A. Housing bonds

Cities may develop and administer programs to finance the acquisition or rehabilitation of single and multifamily homes for housing low- and moderate-income persons and families anywhere within its boundaries. Upon approval of the program as described in statute, the city may issue and sell revenue bonds, which shall be payable exclusively from the revenues of the programs. Bonding authority is allocated by state formula.

B. Industrial parks

An industrial park is a tract of land suitable for industrial use because of location, topography, proper zoning, available utilities, and accessibility to transportation. A single governing body has administrative control of the tract. In some cities, an industrial park may be little more than a tract of unimproved land, while in other cities it may be totally served by city services and have restrictive building requirements.

RELEVANT LINKS:

[Minn. Stat. § 272.02 subd. 39.](#)

[Minn. Stat. § 469.185.](#)

A.G. Op. 476-B-2 (Mar. 2, 1961).
City of Pipestone v. Madsen,
287 Minn. 357, 178 N.W.2d
594 (1970).

[Minn. Stat. §§ 469.152 to 469.1655.](#)

[Minn. Stat. § 469.156.](#)
[Minn. Stat. § 469.162.](#)

An industrial park's purpose is to attract industrial development.

Property a city holds for later sale for economic development purposes remains tax-exempt for a period not to exceed nine years, or until buildings or other improvements that are constructed after acquisition reach one-half occupancy. For cities located outside of the metropolitan area with populations less than 20,000, the period must not exceed 15 years.

Currently, private enterprise creates most new industrial park development by establishing a for-profit community development corporation. A city can cooperate with that corporation through its land use controls and methods of financing public improvements. Many cities have also established industrial parks complete with streets, water, and sewer, despite the possible tax ramifications. The city then sells or leases a portion of the park to a business needing a location for its building.

Any city that owns property that is not restricted by deed may convey the lands for nominal consideration, to encourage and promote industry, and to provide employment for citizens.

This statute has been read narrowly by the Office of the Attorney General. The conveyance must encourage and promote industry and provide employment for citizens. For example, a conveyance of land for an indoor arena was not within the statute; a more direct promotion of industry was necessary, beyond the fact that more potential customers might be in town as a result of athletic contests. However, the courts have upheld the municipal industrial development revenue bond law, discussed below, against the same objection. The city's attorney can best advise the city concerning the legality of a purchase of land for resale.

C. Industrial revenue bonds

Municipal industrial development laws help cities attract new commercial and industrial development and keep existing businesses in the city. The law authorizes the council to issue revenue bonds and use the proceeds to acquire and construct industrial sites and facilities. The city then leases these facilities to private industry and uses the rental fee proceeds to retire the bonds.

A city may issue industrial revenue bonds, also known as municipal revenue bonds, without public referendum. It cannot pledge the full faith and credit of a community as security for these bonds. Thus, the city may not tax property owners to pay principal and interest on the bonds.

RELEVANT LINKS:

For more information, contact [DEED](#) 651.259.7114, 800.657.3858. Main Office: 1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351.

[Minn. Stat. § 469.184.](#)

[Minn. Stat. § 469.174 subd. 2.](#)
Minnesota House Research Department, [How TIF Works: Basic Mechanics](#)

[Minn. Stat. § 469.175 subd. 1.](#)

Minnesota House Research Department, [How TIF Works: Basic Mechanics.](#)

Minnesota House Research Department, [How TIF Works: Basic Mechanics.](#)

If a city decides to investigate the use of industrial bond financing, it should contact the Department of Employment and Economic Development. The department provides the city with information, advice, and technical assistance. This assistance is important, due to the adoption of federal and state laws allocating issuance authority among the states and their political subdivisions. The commissioner of Securities must approve the project.

D. Commercial rehabilitation loan program

Cities have authority to carry out programs for the rehabilitation of small and medium-sized commercial buildings. The city must adopt a program ordinance that provides for the adoption of program regulations, including a definition of small and medium-sized commercial buildings. Loans under the program may be for amounts up to \$200,000. The city may finance the program through the sale of revenue bonds.

E. Tax increment financing (TIF)

Tax increment financing is a method of stimulating economic development in a targeted geographic area. TIF uses the additional property taxes that are paid as a result of the new development to pay for the development costs. Tax increment financing authority is available to most cities.

For a city to make use of TIF, the city must find that the development would not happen through solely private investment and that the new development will result in a net increase in market value for the site, compared to the likely development that would occur without TIF.

When a TIF district is created, the county auditor certifies the current tax capacity of the properties in the district as the district's "original tax capacity." As the property in the district increases as a result of the new development, the increases above the original tax capacity are captured, referred to as "captured value." The taxes paid on the captured value are called "increments." Unlike property taxes, increments are not used to pay for general costs. Instead, the money is used to repay costs the city incurred in acquiring the property, removing existing structures, or creating infrastructure.

The property owner in a TIF district continues to pay the full amount of property taxes. TIF involves only the increased property taxes generated within the district. It does not change the amount of property taxes currently derived from the redevelopment area, nor does it directly affect the amount or rate of general ad valorem taxes the city levies.

RELEVANT LINKS:

Minnesota House Research Department, [How TIF Works: Basic Mechanics](#).

Minnesota House Research Department, [Housing TIF Districts](#).

[Minn. Stat. § 469.175, subs. 5, 6](#).

[Minn. Stat. § 469.1771, subs. 1, 2b](#).

[Minn. Stat. § 469.177, subd. 8](#).
Lake Superior Paper Indus. v. State, 624 N.W.2d 254 (Minn. 2001).
Brookfield Trade Center, Inc. v. County of Ramsey, 609 N.W.2d 868 (Minn. 1998).

The result of a TIF project is an increased tax base that will benefit all local taxing jurisdictions. Additionally, TIF districts usually spur economic development and redevelopment through creating jobs, removing blight, and providing more affordable housing.

In Minnesota, TIF is generally used to:

- Redevelop areas occupied with substandard buildings.
- Build housing for low-income and moderate-income families.
- Clean up pollution.
- Provide general economic development incentives.
- Finance public infrastructure, such as streets, sewer, water, sidewalks, and similar improvements. (This is not an explicit purpose of TIF, but Minnesota cities frequently use it for this purpose).

Special rules apply to TIF districts designed to provide low-income housing.

A city using TIF must report annually to the state auditor as to the status of the TIF district or districts and publish the report in a newspaper of general circulation in the municipality. The state auditor has established a uniform system of accounting and financial reporting for TIF districts. The city must annually submit to the state auditor a financial report in compliance with these standards.

The state auditor may audit TIF districts. If the state auditor notifies a TIF authority of an alleged violation, a copy of the notice is also forwarded to the county attorney. If no corrective action is brought within one year, the county attorney must notify the state auditor, who then notifies the attorney general.

If the attorney general finds a substantial violation, the attorney general will petition the state tax court to suspend the authority's power to use TIF for a period of up to five years.

The TIF agreement with the developer is a complex document. Assistance from a financial advisor and the city attorney is necessary in order to anticipate the many potential problems. An agreement can establish a minimum market value for tax increment assessment purposes, as well as provide that the developer pay a certain level of taxes regardless of any classification rate changes or levy decreases. The agreement should be entered into before the assembly and acquisition of the land on which the completed improvements are to be located.

RELEVANT LINKS:

[Minn. Stat. § 469.1771 subd. 7.](#)
Minnesota House Research Department, [The But-For Test](#).

See [Minn. Stat. §§ 469.174-469.1799](#).

[Minn. Stat. § 469.175](#).

[State v. Wicklund](#), 589 N.W.2d 793 (Minn. 1999).

[Walser Auto Sales, Inc. v. City of Richfield](#), 635 N.W.2d 391 (Minn. Ct. App. 2001); [aff'd](#), 644 N.W.2d 425 (Minn. 2002).

[Chenoweth v. City of New Brighton](#), 655 N.W.2d 821 (Minn. Ct. App. 2003).

[Minn. Stat. § 469.1813](#).

The law imposes a 180-day statute of limitations on actions to challenge the creation or modification of a TIF district. The law is complex, including a “but-for” finding before a city approves a TIF plan and the creation of a TIF district.

Cities must follow statutory requirements, including but not limited to administrative expenses, plan modifications, reporting requirements, use of increment in pre-1979 districts, excess increments, pooling, decertification, and use of funds outside the district.

Before a district can be created, the law requires a detailed estimate of the impact of a proposed district on city-provided services, such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, in addition to other complex estimations that must be prepared.

Public financing using TIF funding for a privately owned facility does not make public space in the facility a public forum for free speech purposes.

Cities should use extreme care in establishing a TIF district and should follow all procedural requirements; otherwise, a court may find the district was not properly established. In one case, a TIF district was not properly established where minimal effort was made to ensure the thorough inspection of the properties; inaccurate methodology was used to establish the condition of the buildings; and the buildings found structurally substandard were not reasonably distributed throughout the district.

However, in another case involving a properly established TIF district, a warehouse was built next door to the plaintiff’s land, which substantially interfered with the use and enjoyment of that land. The court found that the private development of the adjacent property was not so entwined with government action as to constitute a state action. Therefore, the city’s actions — establishment of a TIF district, entering into a contract with a private developer specifying the size and value of structures to be built, and providing for substantial city assistance to facilitate development — do not rise to the level of a taking and, consequently, did not require reimbursement.

Given the complexity of the laws governing the use of TIF, cities or HRAs should not undertake this method of financing community development projects without the advice of an attorney and professional consultants.

F. Property tax abatement

A city may use this development tool to capture some or all of the taxes it imposes on a parcel of property.

RELEVANT LINKS:

Christopher Virta, [Growing Trend: Use of Tax Abatement for Economic Development and Public Facilities](#)

Minnesota House Research Department, [Property Tax Abatements for Economic Development](#)

[Minn. Stat. § 469.1813 subd. 2, 5.](#)

[Minn. Stat. § 469.1814.](#)
[Minn. Stat. § 469.1813 subd. 6, 8.](#)

[Minn. Stat. § 462C.16 subd 2.](#)

It can apply those captured proceeds to specific, designated uses, so long as the benefits at least equal the costs to the city, and it is in the public interest as defined by the statute.

The term “abatement” is somewhat misleading, as the phrase is often used to refer to a method of adjusting an individual property owner’s tax burden by adjusting the market value of the property. Instead, in this instance, property tax abatement is an incentive for economic development. When used as a development driver, property tax abatement does not reduce the amount of taxes paid on the property. Instead, the full amount is paid by the taxpayer, and the county auditor refunds the abated portion back to the local government entity that granted the abatement to achieve a specific goal.

Goals include paying infrastructure costs associated with a development project, or paying debt service on bonds if tax abatement bonds were issued. If the money is to be refunded to the taxpayer, there must be a contract in place that outlines the conditions that must be satisfied in order to receive the money – often job creation or wage goals.

A city may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. The terms should include a specific statement as to the nature and extent of the public benefits the governing body expects to result from the agreement. The resolution may only be adopted after the council holds a public hearing.

A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city, if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

G. Housing trust funds

Cities have authority to establish a local housing trust fund by ordinance or to participate in a joint powers agreement to establish a regional housing trust fund. These trust funds may also be administered through a nonprofit organization. If the fund is administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

RELEVANT LINKS:

[Minn. Stat. § 462C.16 subd 4.](#)

A city may finance its local or regional housing trust fund with any money available to local government, unless expressly prohibited by state law. Sources of funding may include, but are not limited to:

- Donations.
- Bond proceeds.
- Grants and loans from a state, federal, or private source.
- Appropriations by a local government to the fund.
- Investment earnings of the fund.
- Housing and redevelopment authority levies.

Once the fund is established, the source of funding may be altered, but only if sufficient funds will still exist to cover the projected debts or expenditures authorized by the fund in its budget.

[Minn. Stat. § 462C.16 subd 3.](#)

Money in a local or regional housing trust fund may only be used to:

- Pay for administrative expenses, but not more than 10% of the balance of the fund may be spent on administration.
- Make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing.
- Match other funds from federal, state, or private resources for housing projects.
- Provide down payment assistance, rental assistance, and homebuyer counseling services.

[Minn. Stat. § 462C.16 subd 5.](#)

The local or regional housing trust fund must report annually to the local government that created the fund, and the local government (or governments) must post this report on its public website.

[Minn. Stat. § 462C.16 subd 6.](#)

A local or regional housing trust fund existing on July 1, 2017, is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by the statute.

IV. State-sponsored development tools

A. Minnesota Housing Finance Agency

The goals of the Minnesota Housing Finance Agency (MHFA) are to provide decent, affordable housing to low- and moderate-income people; preserve the existing housing stock in Minnesota; preserve existing neighborhoods and prevent them from deteriorating; and prevent mortgage foreclosures while promoting energy conservation in residential housing.

The Minnesota Legislature created the MHFA in response to a shortage of affordable housing for low- and moderate-income people.

[Minn. Stat. ch. 462A.](#) For more information about MHFA programs, contact MHFA at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (651) 296-7608 or (800) 657-3769.

RELEVANT LINKS:

[Minn. Stat. § 462A.073](#)
MHFA: Minnesota City Participation Program. Nicola Viana, Program Manager, 651-297-9510, Nicola.Viana@state.mn.us.

[Minn. Stat. ch. 116J](#).
Minnesota Department of Employment and Economic Development.

[Minn. Stat. §§ 116J.411-116J.424](#).
[Minn. Stat. § 116J.575](#).
See Minnesota Department of Employment and Economic Development for Local Government.

[Minn. Stat. § 116J.431](#).
Greater Minnesota Business Development Infrastructure Grant Program.

Private enterprise and private investment were unable, without public assistance, to provide an adequate supply of safe, sanitary, and decent housing at affordable prices and rents.

The sale of state tax-exempt bonds is the primary financing for MHFA programs. Through the Minnesota City Participation Program, Minnesota Housing sells mortgage revenue bonds on behalf of cities to meet locally identified housing needs. The proceeds of these bonds provide below-market interest rate home mortgage loans for low- and moderate-income, first-time homebuyers, or for the construction or rehabilitation of single- and multi-family housing. Appropriations from the Legislature provide additional funding for programs, including the promotion of energy conservation; an increase in home ownership opportunities for first-time homebuyers; home improvement grants to very low-income homeowners; and programs to improve the housing available to Native Americans, large families, and people with disabilities.

B. Department of Employment and Economic Development (DEED)

The Minnesota Department of Employment and Economic Development is the primary economic development agency for Minnesota.

DEED staff is responsible for a wide range of grant and loan programs, as well as for providing technical assistance to businesses and communities.

DEED also provides grants for contamination cleanup and redevelopment. A redevelopment account allows DEED to make grants to local units of government up to 50% of the cost of developing and redeveloping industrial, residential, or commercial property. DEED administers the rural development program; makes challenge grants to regional organizations to encourage private investment in rural areas; and administers a revolving loan fund to provide loans to new and expanding business in rural Minnesota. Local government units, including cities, may receive these loans if the community has established a local revolving loan fund and can provide at least an equal match to the loan received.

Cities outside the seven-county metropolitan area may receive grants from DEED for up to 50% of the capital costs of public infrastructure necessary for certain specified economic development projects, excluding retail and office space. For this program, “public infrastructure” means publicly owned physical infrastructure necessary to support economic development projects, including but not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems,

RELEVANT LINKS:

[Minn. Stat. § 116J.431, subd. 2.](#)

[Minn. Stat. § 116J.435.](#)
Department of Employment
and Economic Development:
[Innovative Business
Development Program.](#)

[Minn. Stat. § 116J.435 subd. 2.](#)

[Minn. Stat. ch. 116O.](#)

stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Under this law, an “economic development project” for which a county or city may be eligible to receive a grant under this section includes manufacturing, technology, warehousing and distribution, research and development, agricultural processing, or industrial park development that would be used by any one of these businesses.

DEED also runs the Innovative Business Development Public Infrastructure (BDPI) program, which provides grants to local governmental units on a competitive basis statewide for up to 50% of the capital cost of the public infrastructure necessary to expand or retain jobs.

“Innovative business” means a business that is engaged in, or is committed to engage in, innovation in Minnesota in one of the following:

- Using proprietary technology to add value to a product, process, or service in a high technology field.
- Researching or developing a proprietary product, process, or service in a high technology field.
- Researching, developing, or producing a new proprietary technology for use in the fields of tourism, forestry, mining, transportation, or green manufacturing.

“Proprietary technology” means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted.

“Eligible project” means an innovative business development capital improvement project in this state, including:

- Manufacturing, technology, warehousing and distribution, and research and development.
- Innovative business incubator.
- Agricultural processing, or industrial, office, or research park development that would be used by an innovative business.

C. Enterprise Minnesota

Enterprise Minnesota is a nonprofit business consulting organization, set up by the Legislature that helps small and medium-sized manufacturing companies, education services, and government entities in Minnesota.

RELEVANT LINKS:

[Enterprise Minnesota](#) 612-373-2900 or 800-325-3073.
[Minn. Stat. § 116O.061.](#)

[Minn. Stat. § 465.717.](#) [Minn. Stat. § 471.59.](#)
LMC information memo,
[LMCIT Liability Coverage Guide, Section III-I, Joint powers entities.](#)

More information is available on the [HUD](#) web site.

For more information, contact [Rural Development State Office](#) 410 Farm Credit Service Building 375 Jackson Street St. Paul, MN 55101-1853, (651) 602-7800; See also, Handbook, [Financing Public Improvements.](#)

Enterprise Minnesota operates as a fee-for-services 501(c)(3) nonprofit. Enterprise Minnesota focuses on applied research and technology transfer and early stage funding.

It may provide financial assistance, including loan guarantees, direct loans, interest subsidies, or equity investments, to sole proprietorships, corporations, other entities, nonprofit organizations, or joint ventures. Financial assistance includes but is not limited to assisting a qualified company or organization with business services and products that will enhance the operations of the entity.

D. Corporations

Cities must not create nonprofit corporations unless authorized to do so by special legislation. The law allows incorporation of a joint powers entity, but these must comply with all applicable public-sector laws (open meeting, gift law, conflicts of interest, competitive bidding, etc.) and must be separately insured.

V. Federal development tools

A. Community Development Block Grants

The Community Development Block Grant (CDBG) program, under the U.S. Department of Housing and Urban Development (HUD), provides cities with federal funding to initiate and continue a diverse array of housing and community development projects.

B. Rural development grants

A variety of grants and loans to encourage economic development are available to cities from the U. S. Department of Agriculture's Rural Development program. Sewer, water, rural enterprise, housing, and other types of grants and loans are available.

VI. How this chapter applies to home rule charter cities

All of the tools this chapter lists are available to charter cities. The general discussions also apply to all cities.