

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

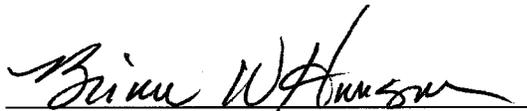
11-0342R

RESOLUTION APPROVING FIRST AMENDMENT TO THE BUILDING IN
DULUTH 2011 SPENDING PLAN

CITY PROPOSAL:

RESOLVED, by the city council (the "council") of the city of Duluth that after holding a public hearing in accordance with the requirements of Minnesota Statutes, Section 469.176 Subd. 4m (the "act"), the city council hereby approves the First Amendment to the Building in Duluth 2011 Spending Plan, a copy of which is on file in the office of the city clerk as Public Document No. _____ approved by the Duluth economic development authority at its meeting of June 22, 2011 pursuant to its Resolution No. 11D-34.

Approved:


Department Director

Approved for presentation to council:


Chief Administrative Officer

Approved as to form:


Attorney

Approved:


Auditor

ATTY:DEDA REA:bel 06/17/2011

STATEMENT OF PURPOSE: The purpose of this resolution is to approve the First Amendment to the BID 2011 Spending Plan approved by DEDA at its meeting of June 22nd to extend the time frames for commencement and completion of projects under the BID 2011 program as authorized by the 2011 State Legislature.

The original legislation approved in 2010 which authorized the BID 2011 Spending Plan and the economic assistance program it allowed DEDA to create, required that construction of program improvements begin by July 1, 2011 and that the expenditures of TIF funds under the Program be made no later than December 31, 2011. The 2011 Legislature extended those time frames to July 1, 2012 and December 31, 2012 respectively.

DEDA approved the First Amendment to the Spending Plan to incorporate the

extended time frames but the legislation requires that spending plans be approved by the City Council. This amendment approves DEDA's amendment of the BID 2011 Spending Plan to conform to the legislation.

FIRST AMENDMENT TO

BUILDING IN DULUTH 2011 SPENDING PLAN

TEMPORARY TIF AUTHORITY UNDER

MINN. STATUTES, SECTION 469.176, SUBD. 4M

DULUTH ECONOMIC DEVELOPMENT AUTHORITY APPROVAL JUNE 22, 2011

DULUTH CITY COUNCIL APPROVAL JUNE 27, 2011

FIRST AMENDMENT TO
BUILDING IN DULUTH 2011 SPENDING PLAN
FOR TAX INCREMENT FINANCING DISTRICTS

I. PURPOSE

The City of Duluth (the "City") and the Duluth Economic Development Authority (the "Authority") propose to adopt a Building in Duluth 2011 spending plan (the "Spending Plan") in accordance with 2010 Minnesota Law, Chapter 216, Section 32 (codified as Minnesota Statutes, Section 469.176 Subd. 4m as amended by Laws of Minnesota 2011, Chapter 112, Article 11, Section 14, and referred to as the "Temporary TIF Authority Act").

Under the Temporary TIF Authority Act, the Authority is authorized to spend available tax increment from any existing tax increment financing district, notwithstanding any other law to the contrary, to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of construction or substantial rehabilitation of buildings and ancillary facilities, if the following conditions exist:

- (1) Such assistance will create or retain jobs in the State of Minnesota, including construction jobs;
- (2) Construction commences before July 1, 2012~~July 1, 2014~~;
- (3) The construction would not have commenced before that date without the assistance; and
- (4) The City Council approves a written spending plan (after a duly noticed public hearing) that specifically authorizes the Authority to take such actions.

The City and Authority have determined to authorize expenditures of tax increment under the Temporary TIF Authority Act as further described in this Spending Plan.

II. SPENDING PLAN

The Authority is authorized as follows:

(a) The Authority may use any available tax increments on hand at the time of approval of this Spending Plan and received through December 31, 2012~~December 31, 2014~~, and not otherwise pledged to any outstanding contract or obligation (referred to as "Available Spending Plan Increment") to provide improvements, loans, interest rate subsidies, or assistance in any form to private development occurring anywhere within the City consisting of the construction or substantial rehabilitation of buildings and ancillary facilities that meet the requirements of the Temporary TIF Authority Act

described above. The Available Spending Plan Increment provided by Authority to any one development will not exceed \$350,000.

(b) Preference for financing assistance will be given to developments which:

- (1) Leverage public investment by at least 4 to 1, with preference for higher leverage;
- (2) Have a total investment in excess of \$500,000;
- (3) Have a clearly articulated business plan and strategy;
- (4) Are consistent with the City Comprehensive Plan and the Uniform Development Chapter to include sustainable development principles; and
- (5) Contribute to the overall public benefit.

(c) The Authority is authorized to spend Available Spending Plan Increment for any private development in the City for which the Authority finds that the private development will create or retain jobs in the State (including construction jobs); that the private development will commence before July 1, 2012~~July 1, 2011~~; and that such construction would not have commenced before that date without the assistance under this Spending Plan. The Authority must document its findings under this section at the time of approval of assistance to each development.

(d) This Spending Plan authorizes, but does not obligate, the Authority to spend Available Spending Plan Increment. Any obligation to provide assistance under this Spending Plan must be evidenced by a development agreement approved by the Authority's board, entered into with a private party who otherwise meets the requirements of both this Spending Plan and the Temporary TIF Authority Act.

(e) In accordance with the Temporary TIF Authority Act, the authority to spend Available Spending Plan Increment under this Spending Plan expires on December 31, 2012~~December 31, 2011~~. No Available Spending Plan Increment may be spent under this Spending Plan after December 31, 2012~~December 31, 2011~~.

(f) The City and Authority acknowledge that assistance provided pursuant to this Spending Plan will be subject to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"), if applicable.

(g) The Authority and City may amend this Spending Plan at any time in accordance with the procedures for approval of the Spending Plan under the Temporary TIF Authority Act.

(h) Authority staff are authorized and directed to maintain a copy of this Spending Plan with the Authority's records for the pertinent tax increment district, and to

file a copy of the Spending Plan with the Office of the State Auditor (as requested by the State Auditor in the August, 2010 TIF Division Newsletter).

[i/bd/deda/agr/2011/BID2011SpendingPlan](#)