

Minutes and Proceedings of the City  
Council of the City Of Emily in the  
County of Crow Wing, State of Minnesota

---

May 26, 2009  
Special Meeting

---

THESE MINUTES ARE PARAPHRASED AND ARE NOT WRITTEN WORD FOR WORD.

The Emily City Council met for a Special Meeting on Tuesday, May 26, 2009 in the Council Chambers at 10:00 A.M. Councilmembers George Pepek, Dan Barrett, Gerhart Hanson, Russ Gustafson, and Bob Swanson were present. Also present was Rebecca Kurtz of Elhers & Associates and City Clerk, Patricia Kestner.

The purpose of this special meeting was to discuss Mortiz TIF district, Lake Country Foods TIF district, parking in a No Park Zone, RFP for P&Z Administrator, Sewer rates, Resolution 09-11, Raffle permit for Outing Fun Club at Granny's Bar & Grill.

**COUNCILMEMBER BARRETT MADE THE MOTION TO TAKE FROM THE TABLE DISCUSSION OF THE MORITZ HOUSING TIF DISTRICT. COUNCILMEMBER SWANSON SECONDED AND MOTION CARRIED.**

Rebecca Kurtz of Elhers explained the Moritz TIF District is a housing TIF district with an income requirement based on Minnesota Statutes that requires TIF revenues be spent on eligible costs and that the occupants' income are at or below the annual maximums determined by the Minnesota Housing Finance Authority. At the time of establishing TIF District No. 1-2, the City and developer elected to require 40% of the units be occupied by persons with incomes less than 60% of median income. In addition, the City and developer agreed that the units be occupied by persons age 55 and older. There are four options if the Council chooses to change the contract. First, declared the district in default and not in compliance. This would include large legal fees to terminate. Second Suspend and/or reduce TIF payments until in compliance with the Contract. This would allow the City to prorate the TIF assistance to account for the time the project was not in compliance with the requirements, which would also shorten the term of the District. Third, amend the Contract. Income restriction has to be part of the District. Could renegotiate all but income requirements. Fourth do nothing as long as the income requirements are followed. The fourth option is not one that Ms. Kurtz would recommend. Two or three are equal.

TIF must be used to reimburse TIF eligible expenses. This should equal \$140,000.00. Nancy Moritz claims they have expenses that total the \$140,000.00 but have not turned in all invoices. Documentation of expenses must be submitted to the City for review prior to reimbursement with tax increment funds. The expenses include acquisition, site preparation, public utilities, and work taking place at ground level or below. Items including, but not limited to, building materials, windows, interior furnishings, etc. are not eligible for reimbursement with tax increment funds. By 2012 all expenses need to be incurred and then TIF will be based on this amount. If it does not equal \$140,000.00 the years may be reduced from 25 down to 15 years. This is subject to change due to the amount of the market valuation. Administration expenses are eligible.

Is it possible to suspend, hold off on the TIF part regarding the age restriction, for a couple of years. They would have to stay within the income range. Ms. Kurtz recommended the City amend the contract in writing. The Council may do nothing but Ms. Kurtz would recommend the City take some kind of action since it has become an issue. A question was asked about opening the housing up to handicapped individuals since the housing was built with handicapped in mind.

The City Council set a committee to draft an amendment to the contract, Councilmembers Dan Barrett and Gary Hanson and Rebecca Kurtz of Elhers. The draft will be presented to the Council at the Regular Council meeting July 14<sup>th</sup> and then sent to Randy and Nancy Moritz.

**COUNCILMEMBER BARRETT MADE THE MOTION TO APPROVE TRANSFERRING THE TIF DOCUMENTS TO NORTH CENTRAL ECONOMIC DEVELOPMENT ASSOCIATION, INC AND SENDING THE LAST TIF PAYMENT FOR TIF DISTRICT 1, SCOTT'S LAKE COUNTRY FOODS, TO NORTH CENTRAL ECONOMIC DEVELOPMENT. COUNCILMEMBER HANSON**

**SECONDED AND MOTION CARRIED.** The contract stated that Scott Myogeto should have come before the council to inform them of the sale and he did not. Rebecca Kurtz of Ehlers recommended the last payment should go to North Central Economic Development as registered owner. An Assignment and Assumption Agreement prepared by City Attorney Qualley will be sent to Scott Myogeto and North Central EDA for signatures.

**COUNCILMEMBER BARRETT MADE A MOTION TO APPROVE PARKING ON SOUTH BAY DRIVE FOR A FAMILY REUNION IN JULY. COUNCILMEMBER GUSTAFSON SECONDED.** Discussion included getting the date for the reunion and Chief Bernhjelm will prepare a form for a special parking event. The Police Department will cover the signs. The State, MNDOT, recommended the City put up the signs due to the curve in the road off Highway 6 and two way traffic. Permit will be sent to the owner of the property. **MOTION CARRIED.**

**COUNCILMEMBER HANSON MADE THE MOTION TO APPROVE SENDING AN RFP FOR PLANNING & ZONING ADMINISTRATOR. COUNCILMEMBER BARRETT SECONDED.** Discussion included the City may want part time and the requirements need to be looked at, need someone with planning background. **COUNCILMEMBER HANSON AMENDED HIS MOTION TO SEND THE RFP TO THE PLANNING & ZONING COMMISSION TO REWRITE THE REQUIREMENTS. COUNCILMEMBER BARRETT SECONDED AND MOTION CARRIED.**

**COUNCILMEMBER BARRETT MADE THE MOTION TO APPROVE A RATE INCREASE OF \$10.00 FOR THE SEWER DISTRICT, BASE RATE RESIDENTIAL TO \$40.00 AND COMMERCIAL TO \$45.00. COUNCILMEMBER GUSTAFSON SECONDED.** Discussion included what to do with the meters. **MOTION CARRIED.**

**COUNCILMEMBER GUSTAFSON MADE THE MOTION TO APPROVE RESOLUTION 09-11 WAIVE THE 30 DAY WAITING PERIOD FOR A RAFFLE PERMIT FOR THE OUTING GUN CLUB AND THE CHARITABLE GAMBLING LICENSE APPLICATION FOR THE OUTING GUN CLUB AT THE PREMISE OF GRANNY'S BAR AND GRILL. COUNCILMEMBER BARRETT SECONDED AND MOTION CARRIED.**

**COUNCILMEMBER BARRETT MADE THE MOTION TO ADJOURN THE MEETING. COUNCILMEMBER SWANSON SECONDED AND MOTION CARRIED.**

Meeting adjourned at 11:09 a.m.

Respectfully submitted,

Patricia Kestner, MCMC  
City Clerk