

**MINUTES
SPECIAL CITY COUNCIL MEETING
TAX ABATEMENT 101**

APRIL 15, 2015

Jean Soine called the meeting to order at 11:30 a.m. Council members present were Kay McDaniel, Donovan Mayer, and Neil Herzberg. Jeff Thompson was absent. Renee Eckerly, City Administrator, Belinda Ludwig, Financial Specialist; and Tammy Omdal, Northland Securities (via telephone conference call) were also present.

TAX ABATEMENT

Tammy Omdal, Northland Securities (via conference call) reviewed the following:

- Information on abatement authority
- Information on tax increment authority
- TIF services
- TIF pooling
- TIF – all portions of taxes must be manufacturing
- Examples of tax abatement polices
- Tax abatement:
 - Tax abatement – the City portion of taxes can be retail; it can be just the new taxes for the project or all of their City property taxes
 - City must publish notice 11 days before public hearing and pass a resolution (resolution must specify term and amount)
 - Tax abatement – 10% of City's whole tax base or \$200,000.00 whichever is greater for 15 year or less
 - City will enter into a contract with the business
 - Is handled like a TIF; customer pays taxes and then the City reimburses the business and the City can charge for administrative expenses
 - There is no reporting to the State like a TIF
 - Need to list separately when certifying taxes
 - Have a development agreement that spells out how the business will use the money and businesses will need to prove it; whether it's new jobs, etc.
 - Can subsidize businesses upfront and get paid back with tax money and the just keep the tax money

Omdal further reviewed the draft Paynesville Tax Abatement Policy and a few changes were suggested.

There being no further business, the meeting was adjourned at 12:30 p.m.

Renee Eckerly, City Administrator