

By Goodman

Amending Title 16, Chapter 424 of the Minneapolis Code of Ordinances relating to Planning and Development: Tax Levy to Secure Industrial Development Bonds.

The City Council of The City of Minneapolis do ordain as follows:

Section 1. That Section 424.10 of the above-entitled ordinance be amended to read as follows:

424.10. Findings. ~~(a) The city is authorized under~~ Pursuant to Minnesota Laws of 1980, Chapter 595, Section 3, ~~by the city has adopted an~~ ordinance ~~upon request~~ establishing a limited tax pledge to secure certain bonds of the Minneapolis Community Development Agency (the "agency"), ~~to pledge the full faith and credit of the city to the repayment of bonds issued by the agency.~~ Such common fund bonds (as defined in Resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended, and herein, the "Basic Resolutions") have been issued by the agency pursuant to the Basic Resolutions.

~~(b) The agency has indicated that the agency intends to issue from time to time various series of~~ common fund bonds (as defined in Resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended) ~~and has requested that the city adopt an ordinance exercising the authority granted by section 3 of Chapter 595.~~

(b) Pursuant to the authority of 2003 Minnesota Laws, Chapter 127, Article 12, Sections 31-34, and chapter 415 of the Minneapolis Code of Ordinances, the city has, effective January 1, 2004, assumed the obligations of the agency with respect to the common fund bonds, the Basic Resolutions and related resolutions and instruments. It is the city's intention to continue to issue common fund bonds.

(c) The city has determined that it is in the public interest to continue to enhance the security and marketability of ~~certain series of~~ common fund bonds by making available the city's taxing power in the limited manner set forth in this chapter for said purpose, thereby achieving the public purposes of the city ~~and the agency~~ and preserving the credit of the city.

Section 2. That Section 424.20 of the above-entitled ordinance be amended to read as follows.

424.20. Pledge and limitation. The city hereby pledges and agrees ~~with the agency~~ for the benefit of the holders from time to time of certain series of common fund bonds designated under section 424.60 of this chapter (such series of common fund bonds so designated are referred to hereinafter as the "bonds") to annually levy and collect ad valorem

taxes in an amount not to exceed the product of one-half per cent and the tax capacity of all property subject to ad valorem taxes in the city in accordance with this chapter for the payment of principal, interest and redemption price (as defined in ~~Resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended~~ [the Basic Resolutions](#)) of the bonds and the maintenance of a tax reserve fund (as defined in section 424.80). All taxes collected by the city pursuant to the levy pledged pursuant to this section 424.20 shall be deposited in the tax reserve fund. The city shall under no circumstances be compelled to exercise its taxing powers in respect of the bonds to any extent in excess of the foregoing limitation in any one fiscal year of the city, and the pledge made hereunder shall be deemed a full faith and credit pledge of the city only to the extent provided in this chapter.

Section 3. That Section 424.30 of the above-entitled ordinance be amended to read as follows:

424.30. Levy and collection. The city hereby pledges and agrees ~~with the agency~~ for the benefit of the holders from time to time of the bonds to annually levy and collect the taxes described in section 424.20 of this chapter whenever the amounts available in the tax reserve fund are insufficient to satisfy the tax reserve fund requirement (as defined in section 424.90) provided, however, that no levy for this purpose shall be made unless the IDB account (as defined in ~~Resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended~~ [the Basic Resolutions](#)) has been fully depleted. An IDB account shall be fully depleted for this purpose only when no cash, investments or approved letters of credit (as defined in ~~Resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended~~ [the Basic Resolutions](#)) remain on deposit therein. The city may elect to reduce or prevent any particular required levy by providing monies as described in section 424.110 of this chapter.

Section 4. That Section 424.40 of the above-entitled ordinance be amended to read as follows:

424.40. Prohibition on future decreases of pledge. The city further pledges and agrees ~~with the agency~~ for the benefit of the holders of the bonds that the pledge to the bonds of property taxes equal to one-half per cent of the tax capacity of the property in the city subject to ad valorem property taxes shall not be decreased by the city.

Section 5. That Section 424.50 of the above-entitled ordinance be amended to read as follows:

424.50. Designation of bonds. The provisions of this chapter shall only apply to particular series of common fund bonds ~~which~~ that the city council shall designate by resolution. The resolution designating a series of bonds shall state, or incorporate by reference, the principal amount of the bonds, their maximum term, the method of determining their redemption price and their maximum interest rate. Such resolution may contain such other items or take such other actions as the city council finds appropriate.

Section 6. That Section 424.60 of the above-entitled ordinance be amended to read as follows:

424.60. Continuation of application of this chapter. The city agrees to continue to levy and collect the taxes pledged hereunder as required under the terms of this chapter so long as any bonds are outstanding (as defined in ~~Resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended~~ [the Basic Resolutions](#)).

Section 7. That Section 424.80 of the above-entitled ordinance be amended to read as follows:

424.80. Tax reserve fund. There is hereby created a separate fund of the city to be titled "~~Minneapolis Community Development Agency~~ Common Bond Fund Tax Reserve Fund" (the "tax reserve fund"). The tax reserve fund shall be maintained by the city until no bonds remain outstanding. Monies in the tax reserve fund shall be paid to the trustee (as defined in ~~resolution No. 82-512 of the agency, as amended and as defined in Resolution No. 92-815M of the agency, as amended~~ [the Basic Resolutions](#)) for the payment of principal, interest or the redemption price of bonds when the trustee has notified the city that without such payment principal, interest or the redemption price would not be paid when due under the terms of the bonds or would continue past due.

Section 8. That Section 424.90 of the above-entitled ordinance be amended to read as follows:

424.90. Tax reserve requirement. The tax reserve requirement shall be zero dollars (\$0.00) until an IDB account has been depleted as described in section 424.30 of this chapter. For all times thereafter, regardless of subsequent replenishment of an IDB account, the tax reserve requirement shall be equal to twice the amount obtained by multiplying one-half percent by the tax capacity of all properties in the city against which the city could levy ad valorem taxes. The tax reserve requirement shall be determined as of the later of (i) the date on which an IDB account shall be first fully depleted, or (ii) the date upon which monies shall have been most recently drawn from the tax reserve fund to pay the principal, interest or redemption price of the bonds.

The city may withdraw from the tax ~~revenue~~ [reserve](#) fund any monies in excess of the tax reserve fund requirement at any time and apply monies withdrawn to any city purpose. The city shall ~~provide to the agency information concerning the investment of amounts in the tax reserve fund necessary to enable the agency to~~ calculate the amounts which may be subject to rebate to the United States under Section 148 of the Internal Revenue Code of 1986 or any applicable successor provisions [with respect to the tax reserve fund](#). The city further pledges and agrees ~~with the agency~~ for the benefit of the holders of the bonds to limit the yield on investments in the tax reserve fund and make the rebates to the United States as required by Section 148 of the Internal Revenue Code of 1986 or applicable successor provisions, but only to the extent required to preserve any exclusion from federal gross income of interest on the bonds.

Section 9. That Section 424.110 of the above-entitled ordinance be amended to read as follows:

424.110. Provision of available monies and reduction of required levy. The city may from time to time reduce the amount otherwise required to be levied under this chapter by providing other available monies of the city to the tax reserve fund in lieu of amounts ~~which~~ that would otherwise have been levied. Under no circumstances shall monies provided by the city, together with amounts levied under this chapter, be required to exceed in any fiscal year of the city the amount which could be collected by the imposition of the maximum levy pursuant to section 424.20 of this chapter.