

**City of Isanti
Economic Development Authority
Regular Meeting Minutes of
October 22, 2013
Isanti City Hall**

1. Call To Order

The meeting was called to order by Chair Kuechle at 7:00 p.m.

a. Pledge of Allegiance

b. Roll Call

Members Present: Larry Kuechle, Keith Dragisich, Dan Collison, Mayor George Wimmer

Members Absent: Tara Hallberg (Excused)

Staff Present: Economic Development Director Sean Sullivan

c. Agenda Modifications

Motion by Member Collison, Second by Dragisich to adopt the Agenda as presented. Motion carried unanimously

2. Approve Minutes of September 24, 2013 Regular Economic Development Meeting

Motion by Dragisich, second by Wimmer to approve the minutes for September 24, 2013. Motion carried unanimously.

3. Consider Recommendation to Adopt Updated TIF Management Plan – Final Draft

Sullivan presented the staff memo and highlighted each TIF district and its condition and recommendations. The highlights of the districts and discussion are below:

TIF District No. 8

- TIF No. 8 has been decertified. The City has returned tax increment on hand in 2013 and will receive redistribution payment of \$30,794.26 in 2nd half settlement from Isanti County.
- Final TIF Report will need to be filed in 2014 documenting the return of excess increment in May 2013.

- Final reports for usage of funds from this district for Special TIF legislation are to be reported to the State Auditor by October 31, 2013.
- The City acquired a 1.97 acre parcel (16.093.0060) on July 25, 2012 as a result of CL Hough not exercising an Option. This parcel is available for development and can remain tax exempt until July 25, 2027.
- Final reports for usage of funds from this district for Special TIF legislation are to be reported to the State Auditor by October 31, 2013.

TIF District No. 9

- The knock-down period for parcel in this district begins December 31, 2016. City Staff will have to conduct an analysis that identifies if qualifying activity has occurred on parcels within the district. Once this is done, a report will need to be given to Isanti County by February 1, 2017 identifying which parcels are “knocked down” from the district.
- The five year rule was extended to August 30, 2016 through legislation adopted in 2009. The City may enter into development agreement for qualifying TIF activity until that date.
- The only outstanding obligation for the City is a Revenue Note to Federated Coop for \$250,000. Payments will only be made from “available increment” TIF District No. 9.
- Final reports for usage of funds from this district for Special TIF legislation are to be reported to the State Auditor by October 31, 2013.

TIF District No. 10

- District was certified August 24, 2006. Scheduled decertification date is December 31, 2015
- RWL #2 Development Agreement continues to be suspended and the obligations associated with it are not required to be paid by the City of Isanti. If property taxes and other Developer obligations are satisfied this agreement could be re-instated and future years of reimbursement payments could be made. To date 6 of the 10 units have been resold to new businesses and the balance of the special assessments has been paid off. Only 4 units remain vacant in this building and the City has the opportunity to utilize TIF accumulated from the district to help recruit businesses.
- It should be noted that the undeveloped lots (16.125.0020, 16.124.0020, 16.128.0020 and 16.115.0010) within this district have received “Minnesota Shovel Ready Certification” which increases their marketability. They can keep their tax exempt status until May 21, 2017
- 5 year rule has been implemented for this district as of August 24, 2011. This means that **no new obligations** can be incurred by this district. In effect, no new TIF deals can be done to

reimburse special assessments for undeveloped parcels within this district. Based on this information a decision on how to handle new development in TIF district No. 10 needs to be discussed. Many options come to mind:

- 1) Leave parcels in the TIF district and sell the land at market, or for \$1.00 depending on the project.
 - 2) Leave parcels into district until a project is identified and offer to create a new TIF district (or tax abatement) for each stand alone project to assist in the payment of outstanding special assessments. Northland Securities is working on a proposal that would identify the cost of setting up individual TIF districts and then supporting a template that the City could use for each subsequent deal. The cost to set up this template is \$2000 and subsequent uses would be \$1000.
 - 3) Offer prepayment of special assessment balances for Developers with Development Agreements in Good Standing and decertify the district when all obligations from the City are paid.
 - 4) Reinstate Development Agreement for RWL 2 for 4 vacant condo units (3,4,5,6) and provide assistance to pay for balance of special assessments when a new business looks to purchase units.
- Final reports for usage of funds from this district for Special TIF legislation are to be reported to the State Auditor by October 31, 2013.

TIF District No. 11

- District was certified June 28, 2012 for the Construction of a Hotel in the City of Isanti. Scheduled decertification date is December 31, 2032.
- Knock down period begins June 28, 2016. Site development activity associated with the hotel project construction commencing in June 2012 meets the “qualifying activity requirement”.
- Five Year Rule – June 28, 2017. All obligations must be incurred by the City by this date.
- A determination needs to be made regarding whether or not this site in Isanti meets the criteria of Tourism Facility. If the criteria is met, it would be possible to erect a hotel on this site prior to the five year rule and provide TIF assistance as outlined in the existing TIF Plan, or in any other Economic Development district created in the City of Isanti.

All manage options were considered and discussed by the EDA. Management for TIF 10 led to further discussion. Staff was directed to review the cash flow at the end of 2013 and see if there would be enough funds to offer prepayment of special assessments for the active development agreements. The EDA was also willing to consider re-instating the Development Agreement for RWL2 if necessary.

Motion by Member Dragisich, Second by Member Collison to recommend the Updated TIF management Plan for adoption, as presented, to the Isanti City Council. Motion carried unanimously.

4. Other Business / Updates / Communications

Economic Development Director Sullivan highlighted the Staff Memo.

- a. Business Prospects
- b. X Caliper Engineering
- c. TIF Management Plan Update
- d. Revolving Loan Fund Document Template
- e. Re-establishment of Downtown Committee
- f. GPS 45:93
- g. Isanti County EDA
- h. Isanti Area Chamber of Commerce
- i. Minnesota Manufacturers Week October 20-26
- j. 2013 Business Arrivals and Departures in Isanti

Member Wimmer indicated City Staff was researching the method in which City Sewer and Water is billed. Staff is looking at a method that would place more focus on water usage rather than base fees, units and meters. The goal would be to have a more equitable system in place that will still allow the sewer and water Funds to cash flow. He was hopeful that the research would be done, and potential changes (if any were adopted by the City Council) made in December 2013

5. Adjournment

Motion Member Dragisich, second by Member Collison to adjourn at 7:19pm. Motion carried unanimously.

Dated at Isanti, Minnesota, this 23rd day of October 2013.

Respectively Submitted,

Sean M. Sullivan, Economic Development Director