

City of Isanti
Economic Development Authority
Regular Meeting Minutes of
October 28, 2008
Isanti City Hall

1. Call To Order

a. Pledge of Allegiance

b. Roll Call

Members Present: Chair Larry Kuechle, Louise Duff, Sue Larson and George Wimmer

Members Absent: David Jadinak

Staff Present: Community Development Director Vita

c. Agenda Modifications

None.

Motion by Larson, second by Wimmer to approve the agenda without modifications.

Motion carried unanimously.

2. Approve Economic Development Authority Minutes

a. August 2008

Motion by Duff second by Larson to approve the minutes as presented. Motion carried unanimously.

b. September 2008

Motion by Larson second by Wimmer to approve the minutes as presented. Motion carried unanimously.

3. Presentation by Craig Bakken, Small Business Development Center

Craig Bakken, Director of Customized Training & Small Business Development for the Anoka Ramsey Community College (ARCC), presented to the EDA. Points to note from the presentation include:

~The number of students attending both campuses of the ARCC has increased. ARCC also has open enrollment and non-credit programs.

~Bakken assisted the City of Blaine on a "Lean Manufacturing" program for its businesses. The businesses taking the class receive a certificate and counselors work with the businesses following the training.

~Grant support.

~Small Business / SBDC functions

Work on Small Business risk. He provides free small business consulting. Most requests for consulting are for business planning, start-ups, and acquisition of business needs.

Wimmer questioned on how the services of the SBDC can get out to reach more people and businesses. Bakken stated that he is getting the word out to current businesses, works with Bankers

to increase their awareness of the SBDC and its services, and attends many Chamber and EDA meetings. Bakken stated that getting the word out is important. Wimmer requested that Bakken prepare an informational article for the Isantian to help get the word out. Bakken stated that he would be delighted. Bakken continued that business counseling hours average 11 per business. Bakken indicated that 75% of counseling is with existing businesses. Bakken stated he has witnessed a drop in SBDC services from 2007 to 2008.

Larson stated that the economy has slowed, but with Revolving Loan Funds options, businesses might be able to survive these lean times.

Bakken stated that business activity has slowed. Bakken informed the EDA that he has a new business counselor. This counselor works as needed and is stationed out of Rush City. Bakken discussed the foreclosure project that he assists Greg Owens with Community Pride Bank. Wimmer stated that Mr. Owens deserves a big Thank you for his great work on the foreclosure project.

Bakken discussed the Step-Up Isanti Leadership program. Bakken discussed the ARCC Nursing program and stated that the program has a waiting list.

Kuechle questioned if Bakken has classes to assist businesses trying to stay alive in this economy. Bakken stated that he has counseling, but not classes. Bakken stated that classes could happen in the future. Wimmer stated that businesses might want anonymity. Wimmer suggested that a call-in program similar to the foreclosure program could help. Bakken stated that we are experiencing a challenging time, but will ponder the idea.

Owens stated that Bakken performs a lot of one on one counseling. Owens stated that the business is kept confidential. Owens informed that he has referred businesses to the SBDC for their business assistance. Owens stated that we need to get the word out.

4. Isanti City Partnership

Bettendorf stated that the Chamber had a Board meeting and they discussed the ICP. Bettendorf discussed the letter he wrote to the EDA. Bettendorf stated that the Chamber values meeting with the City in an informal setting.

Wimmer questioned what would occur at an ICP meeting and what would the ICP do. Bettendorf stated that he had not thought about those questions. Bettendorf stated that the group would develop an agenda and discuss how to move forward.

Wimmer questioned the functionality of the ICP. Wimmer questioned if the EDA would be placing agenda items to the ICP. Wimmer stated that the EDA needs to perform EDA functions. Wimmer questioned the process of the ICP.

Bettendorf stated that the group needs to get together to create an agenda. Bettendorf stated that the Chamber wants to continue to have the ICP and a conduit. Bettendorf stated that the ICP will give advice, brainstorm, and get ideas between the City and business leaders.

Larson stated that she is a member of the Northern Technology Initiative (NTI). Larson informed the EDA that NTI is setting aside time within their agenda just for networking. Larson indicated

that this is a change from the past. Larson stated that at the last ECRDC meeting a question was brought forth on what could the Commission do with the tough economy. Larson stated that the networking time will allow for problem-solving. Larson stated that the agenda might not be known, but with discussions, ideas will emerge. Larson stated that the economy's future is tough to determine.

Bettendorf said that we need to do things for Isanti's future. Bettendorf stated that big concerns include – transportation, taxes and the need for more business. Bettendorf stated that we need to work together to figure things out, identify issues, and work on the issues. Bettendorf stated that spin-off groups like an Ambassador group may emerge.

Duff questioned to whom the ICP advises. Duff stated that if it is the EDA, then the EDA could drive the ideas. Duff stated that an agenda is needed to make good use of people's time.

Wimmer questioned the goal. Wimmer stated that once the goal is determined, then the ICP make up will emerge. Wimmer stated that the ICP reports to the EDA. Wimmer stated that he has a vision of where he wants the ICP to go.

Owens stated that he has the following goals for the ICP: 1) Communication; flow of thoughts. The Chamber could feed some of the information. 2) Topics are driven by the EDA and Chamber which would create synergy. 3) Ambassadors of Isanti to make Isanti better. Example a business coming to Isanti could be called and visited. Invite people to Isanti. 4) Money to bring people to Isanti. The money could eventually be similar to the CDA. Owens stated that he is not on the Chamber board.

Wimmer stated that Isanti does some Ambassador work. Wimmer stated that the County EDA will have funds. Wimmer stated that it would be helpful to have the Chamber help the County EDA. Wimmer stated that Cambridge is well represented on the County EDA.

Bettendorf stated that the ICP could focus on groups already available.

Wimmer stated that the City already has committed resources. Wimmer stated that a partnership is needed. Wimmer questioned how the Downtown group is a part of the conversation. Wimmer stated that groups evolve over time.

Bettendorf stated that the City has Tax Abatement and a Revolving Loan Fund. Bettendorf stated that the Chamber worked on the Downtown flower pots. Bettendorf stated that the needs and sources for projects need to be reviewed to complete projects. Bettendorf stated that the Chamber Board knows that things are needed to be done to help Isanti's community and economy. Bettendorf stated that the Chamber wants to work together and find a best way to help Isanti with or without the ICP.

Wimmer stated that he would encourage an ICP meeting on the top 4 Chamber issues; the top four issues could be brought forth to the EDA and then passed onto the City Council.

Bettendorf stated that the ICP could meet for one 2 hour meeting to set goals and bring the items back. Wimmer stated that he is interested in the top issues of the business community. Wimmer stated that Mr. Owen's four concerns could be addressed as well. Wimmer stated that they need

something to work on. Duff stated that the EDA could use some direction. Bettendorf questioned if the ICP should have more participants for the conversation. Wimmer stated that the Chamber could use their mailing list to get ideas, the Chamber Board could refine the ideas and give the ideas to the EDA. Bettendorf stated that he thought that the meeting should take place in December.

Kuechle stated that he wants the Isanti community to know that they are being heard.

5. Outstanding TIF / Abatement Obligations discussion

Vita presented a Staff memo.

Wimmer questioned an extension. Wimmer stated that if the City were to allow an extension, how would we be able to get the business into paying their obligations. Wimmer questioned giving the business more time to meet their tax and abatement obligations. Wimmer stated if the City did, the business would need a plan of action for repayment.

Duff questioned the Larson letter. Vita stated that he is unhappy and is blaming the City.

Wimmer stated that Three Star is making attempts to fill their location. Wimmer stated that Larson was building a site in Cambridge last year when he was in default here. Wimmer stated his concern on setting precedence. Wimmer stated that City Attorney Joslin stated that a Finding of Fact statement is needed and that each case must be specific if an extension is recommended. Wimmer questioned what is going to change to get them to pay their obligations.

Duff asked what Larson's outstanding issues are. Vita stated he is required to build a fifth building at his location. Vita stated that the City Council gave him a two year extension last year for the construction of the fifth building in order for him to obtain a reimbursement.

Duff stated that the City has an obligation to its citizens. Wimmer stated that other businesses have not received anything. Wimmer stated that these businesses have received benefits when others have not.

Kuechle asked what is needed. Wimmer stated that the City Council wants assistance on whether the two projects should have an extension on meeting their obligations; if so, the EDA would need specific findings. Wimmer stated that the City could also force projects to pay back a portion of the items that the City gave them. Vita stated that 5 to 6 businesses were initially sent letter, all paid, but 2. Vita stated that the consultants and Staff are concerned on the future as the economic situation might bring other properties not paying their taxes and assessments. Vita continued that the City has General Obligations bonds that are paid from the repayments.

Wimmer stated that he is not in favor of extensions. If the City were to allow extensions, very specific finding of fact need to be set to prevent setting of precedence of other projects in default in the future.

Wimmer stated that Larson's letter states he is unwilling to bring his taxes into compliance at any point. Wimmer stated that Three Star worked with Hi-Lo trying to fill their property. Wimmer stated that Larson received an extension in 2007 for the construction of his building while he was building in Cambridge. Wimmer stated that businesses need to pay their obligations. Wimmer questioned if the City should allow more time, if so, what are the ramifications.

Kuechle questioned the affect of extensions. Wimmer stated that Three Star holdings is trying to find someone to cover the obligations. Wimmer stated that Larson does not want to pay his obligations and he built elsewhere. Wimmer said that an extension could take place, but everyone takes risk in an agreement. Wimmer questioned the EDA on whether they want projects to fulfill their obligations. Wimmer stated that other businesses are paying their obligations. Vita stated that the projects are in default in their development agreement they have to meet their obligations to be current in their DA. Vita stated that they have to crate jobs, be in business, and pay taxes and assessment in order to pay the GO bonds on the property. Vita stated that Staff has concerns on the GO bonds not having enough funds due to non-payment of taxes and assessment. Vita stated that the Development Agreements state that the City has to notify a project of the default status and to try to bring them into compliance. Vita stated that most property owners brought their properties in to compliance. Vita stated that the letters out to the businesses stated that if the business was not brought into compliance the City could take action. Vita stated that the City could no longer reimburse the assessments as an option. Vita stated that Deike wants to keep DA in force, but for the assessment portion.

Wimmer stated that the City has the funds in the Larson case, it is not a reimbursement. Vita stated that the buildings had to be built in a period of time with certain standards in a certain amount of time. Vita stated that the City Council gave an extension to the building construction.

Wimmer stated that Larson is in default of the development agreement. Wimmer stated that the City could no longer pay Larson back for the assessment reimbursement. Wimmer stated that Deike is correct, that the owner might not have money, but he has no plans to make the City whole.

Duff stated that with any agreement there is risk. Duff stated that it is not fair to the City that the projects cannot hold up to their end of the bargain. Duff stated her concerns with the future and the City needs to send a message out. Duff stated that she wants to help, but the taxpayers need protection. Wimmer stated that the City did help them. Wimmer stated that the City wants viable businesses.

Motion by Larson, second by Wimmer to deny extension for Larson with the following finding of fact:

- Not paying taxes
- Default of Development Agreement
- No plan to make them whole
- Already received and extension from the City

Motion carried unanimously

Motion by Larson, second by Wimmer to deny extension for Three Star Holdings with the following finding of fact:

- Not paying taxes
- Default of Development Agreement
- No plan to make them whole
- No Business in operation within the building

Motion carried unanimously

6. County EDA Update

Vita stated that a sub-committee of the County EDA, which includes Wimmer and herself, will be working on the creation of a Tax Abatement policy for the County next week.

Wimmer stated that the City received high marks for our abatement policy and how it weans businesses in the step approach to the business subsidy.

7. Other Business / Updates

a. Larson discussion on MNDEED Conference

i) Creating Synergy

Larson presented the information within the memo to the EDA.

ii) NTI

Larson presented the information within the memo to the EDA.

iii) South Central Regional Collaboration

Larson presented the information within the memo to the EDA.

b. Downtown Update

Larson stated that the downtown group is working on a Main Street sign. Larson stated that the sign will come back to the EDA. Larson stated that the downtown group focuses on the downtown and works to enhance and market the downtown.

c. Other

8. Adjournment

Duff motioned, seconded by Larson to adjourn at 9:00 pm. Motion passed unanimously.

Dated at Isanti Minnesota, this ____ day of November, 2008.

Respectively Submitted,

Carla MK Vita, Community Development Director