

City of Isanti
Economic Development Authority
Regular Meeting Minutes of
November 22, 2011
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: Tara Hallberg, Jim Kennedy, Larry Kuechle, Keith Dragisich and George Wimmer

Members Absent: None

Staff Present: Economic Development Director Sean Sullivan

c. Agenda Modifications

Motion by Hallberg, second by Dragisich to approve the agenda. Motion carried unanimously.

2. Approve Minutes of September 27, 2011 Regular Economic Development Meeting

Motion by Wimmer, second by Kennedy to approve the minutes for September 27, 2011. Motion carried unanimously.

3. Consider Adoption of Updated TIF Management Plan Dated November 22, 2011

Economic Development Director Sullivan presented the Staff Memo. Sullivan indicated that the update was completed for “No Cost” and that is why it took as long as it did to get it to this point. Administration and policies for each district were discussed for TIF Districts No. 8, 9 and 10. TIF District 8 will be decertified no later than December 31, 2012. Staff explained to the EDA that all obligations could be satisfied at that point and the administrative duties could be completed in 2013. This would save the City staff time and money. The District only has two active development agreements (Hough-Gargaro and Lexington Textiles). Sullivan notified the EDA that Hough had prepaid, and the City had reimbursed all outstanding assessments for this project.

Chair Kuechle ask Economic Development Director Sullivan to explain the Hough Shortfalls and clarify the intent to reimburse Hough for those shortfalls.

Economic Development Director Sullivan explained that the shortfalls that were calculated for this project were based on the County Assessors market value falling short of the amount defined within the development agreement. The shortfall calculation is the difference between what was collected and what “should have” been collected based on the value deficiency. Sullivan indicated that Hough has always been current on property taxes and that his particular project has always generated more increment that was needed to make the full reimbursement payments. Sullivan stated that the policy outlined for the TIF management plan moving forward would support the reimbursement of the shortfall amounts to Hough. Sullivan indicated that this option was discussed and recommended to be implemented by DAC. In addition, to making the shortfall payments Staff also will be making contact with Lexington Textiles to prepay the special assessments to assist in closing this district out early.

TIF District No. 9 has only one active Development Agreement with Federated Coops. Sullivan indicated that there was an outstanding revenue note in the amount of \$250,000. Payments are to be made to Federated Coops from “available increment” from the district. If the project comes up short in generating enough revenue to pay off the revenue note the City is not obligated to make those payments to the Developer. Next year staff will need to look at each parcel individually to see if qualifying activity occurred. If it has, each parcel that did not have qualified activity occurs would be “knocked down” until it does.

TIF District No. 10 has reached the 5 year rule. This means that no new obligations can be incurred by the district after August 24, 2011. To date there are four undeveloped parcels. Sullivan outlined the options involved for development and the provision of assistance for these parcels. The options included:

Parcel Removal from District

If a parcel was removed from the district there are several options on how incentives could be provided to get them developed which include:

- Abatement for remaining special assessments levied against the individual parcels
- Creation of ‘stand alone’ TIF Districts to reimburse for outstanding special assessments. Northland Securities is currently working on a proposal to identify the costs associated with developing a template for the City to use.
- Selling the land for \$1.00.
- Selling the land at market rate.

Leaving Parcels in the District

If a parcel was left in the district no TIF could be allocated to any incentive to help get the parcel developed. Options include:

- Selling land for \$1.00 and capturing increment to help pay other outstanding obligations for the district.
- Selling property at market rate.

Economic Development Director Sullivan asked EDA to allow for the most flexibility in determining how an incoming project would be treated.

The consensus of the EDA was to allow each new project to be dealt with on a case by case basis.

Motion by Member Kennedy second by Dragisich to recommend adoption of the TIF Management Plan dated November 22, 2011 and guiding principles as discussed by EDA to the City Council. Motion carried unanimously.

4. Discussion on EDA Role for Historic Downtown Signage

Economic Development Director Sullivan presented the Staff Memo. Sullivan expressed the lack of success by the private sector to get a sign installed for Historic Downtown.

Member Wimmer reiterated the fact that the Chamber and other entities have not been able to get the project done. The feeling is that if the City doesn't do it, it won't get done.

Sullivan asked if the EDA was interested in taking a lead role both administratively and financially for this particular project. Economic Development Director Sullivan stated that \$250 had been secured by one business downtown and that another had expressed serious interest in donating as well.

Member Kennedy expressed concern about the city fully funding this sign and proposed that the City secure 50% of the cost of the sign from the private sector before moving forward with the project.

Member Wimmer stated that no specific businesses would be on the sign. Only the types of services or products provided.

Economic Development Director Sullivan indicated that he would contact other businesses downtown to see if there were more interested in making contributions for this effort. Preliminary cost for a sign was approximately \$1200 so \$600 would need to be raised from the private sector to initiate action.

No motion was made but consensus of the EDA was to have Economic Development Director Sullivan make an effort to raise the funds necessary to fund 50% of the sign and to bring back the proposal to the EDA once this is achieved.

5. 2012 – Marketing Plan Update Preparation

Economic Development Director Sullivan highlighted the staff memo. Sullivan asked the EDA to begin thinking of items for the Marketing/Work Plan for next year and to be prepared for discussion at the next EDA meeting in December or January. The goal would be to adopt an updated plan in February of 2012.

No action was requested and the consensus was to proceed as outlined in the staff memo.

6. Consider Cancellation or Rescheduling of December 27, 2011 EDA Meeting

Chair Kuechle outline the past practice of cancelling the EDA Meeting in December due to the timing of the meeting with the Seasonal Holidays. Chair Kuechle asked Economic Development Director if there were items that needed to be addressed in December.

Economic Development Director Sullivan indicated that at this time there were no items that needed immediate action in December. Sullivan asked if the EDA would be willing to schedule a “special Meeting” if something “pressing” did surface in December. Consensus of the EDA is that they would be willing to schedule a meeting if necessary.

Motion by Kennedy, Second by Hallberg to cancel the December 27, 2011 EDA meeting. Motion carried unanimously.

7. Other Business / Updates

Economic Development Director Sullivan highlighted the following items.

- a. Special TIF Project Updates
- b. Shovel Ready Certification
- c. RMW Twins, LLC Project Update
- d. C.L. Hough LLC Update
- e. Business Retention Visits
- f. Business Prospects
- g. GPS 45:93 Meeting Agenda and Minutes
- h. Isanti County EDA
- i. Minnesota Real Estate Journal Industrial Land Conference
- j. Greater MSP
- k. Thank you from the Initiative Foundation
- l. City Council Adopts Electronic Billboard Policy for Cable Channel 10
- m. Business Arrivals and Departures in Isanti

Economic Development Director Sullivan highlighted items on the Staff memo.

Sullivan summarized the Minnesota Real Estate Journal conference. He indicated that about 117 leads existed. He also noted the he and the Mayor were working on letters to send out to prospect and business leads. Generally speaking, the conference produced positive results for Isanti. Many brochures and informational material for Isanti were distributed.

Member Wimmer gave a case study for the acquisition of a building. It was valued at 2.8 in 2004 and now it is valued at 1.4. He acknowledged the economy is tough now and that Economic Development Director Sullivan is doing a good job in his efforts to generate leads. The lack of results is not truly the fault of the Economic Development Director it's a result of the economic conditions.

Sullivan highlighted the fact that cost and flexibility were the two most important items in site selection and that Isanti was well positioned.

Member shared that Economic Development Director had provided him with numbers relating to the ADT at Hwy 65 and CSAH 5. Daily Trips have fallen from 20,600 in 2008 to 19,700 in 2010.

Business Retention visits are going well. There is a lot of optimism being exhibited by the businesses visited.

8. Adjournment

Member Kennedy motioned, seconded by Member Dragisich to adjourn at 7:30 pm. Motion carried unanimously.

Dated at Isanti, Minnesota, this 23th day of November, 2011.

Respectively Submitted,

Sean M. Sullivan, Economic Development Director