

**City of Isanti**  
**Economic Development Authority**  
**Regular Meeting Minutes of April 27, 2010**  
**Isanti City Hall**

**1. Call To Order**      The meeting was called to order by Chair Kuechle at 7:02 p.m.

**a. Pledge of Allegiance**

**b. Roll Call**

Members Present:      Keith Dragisich, Jim Kennedy, Brandon Apitz, Mayor George Wimmer (arrived at 7:05 p.m.) and Larry Kuechle,

Members Absent:      Zachary Knudson (Youth Representative)

Staff Present:      Economic Development Director Sean Sullivan, City Administrator Don Lorsung

**c. Agenda Modifications** Motion by Dragisich, second by Kennedy, to approve the agenda as presented. Motion carried unanimously.

**2. Approve Minutes**

Motion by Kennedy, second by Dragisich to approve the minutes as presented. Motion carried unanimously.

**3. TIF Management Plan- Rusty Fifield, Northland Securities**

Rusty Fifield, Northland Securities, provided the overview of the **DRAFT** TIF Management Plan methodology including assessments, assessment agreements and TIF Law. Mr. Fifield highlighted the fact that the City had not utilized administrative expenses to this point and that the city was able to use up to 10% of increment from the TIF districts to pay for qualifying administrative expenses including the reimbursement for Staff time for TIF projects and that these expenditures would have an impact on the overall cash flows for the TIF Districts. The purpose of the TIF Management Plan is to quantify cash flows, initiate future policy discussion and to provide the information necessary to create a TIF Action plan moving forward. The development agreements serve as a conduit to pay the special assessments levied against the property and ultimately the outstanding bonds.

Mr. Fifield highlighted the fact that the Minimum Assessment Agreements have not been enforced uniformly for the development agreements and questioned what the policy should be moving forward.

On April 1, 2010, the Minnesota State Legislature enacted legislation that loosens the restrictions of the expenditures of increment for shovel ready projects that start construction prior to July 01 2011.

Mr. Fifield explained how if there were excess revenues left when a district was decertified they are to be returned to the county for redistribution and the City would receive \$.40 on the dollar at that time.

Chair Kuechle stated that it would be prudent to utilize as many full dollars prior to sending the funds back for redistribution.

Mr. Fifield acknowledged that more fund would ultimately be available but that they would be restricted to TIF eligible uses.

Mr. Fifield provided a summary of TIF district No. 8 and the active development agreements. Projected cash flows show a healthy district capable of paying off its obligations by the decertification date.

Mr. Fifield stated that suspending development agreements, rather than terminating them for those in default was a way to keep the conduit in place to pay off the special assessments.

In order to pay off the outstanding special assessments Mr. Fifield stated that a minor amendment would need to be made to each development agreement that would allow the developers to prepay their assessments and the city to immediately reimburse them.

Member Apitz asked for an explanation on the underpayments for the cash flows.

Mr. Fifield stated that the underpayment was a result of a minimum assessment agreement not being enforced which reduces the reimbursement payment to the developer.

Member Wimmer asked if the Assessment Agreements should be enforced and what the impact would be. He also stated that the policy should be enforced universally.

Economic Development Director Sullivan stated that he had been in contact with the County Assessor regarding the assessment agreement for Ever Cat Fuels and that the County was implementing the agreement in 2011. Mr. Sullivan made it clear that he did not make a request to the County to enforce all the assessment agreements, he only inquired as to the status of the Ever Cat Fuels project. This was identified as an issue that policy should be developed as part of the management plan.

Member Wimmer suggested that parties with active development agreements be notified that the reimbursement payments were going to end in 2012 as a courtesy.

Economic Development Director Sullivan stated that we needed to keep the agreements in place to the end of the district to allow for maximum use of increment.

Chair Kuechle asked what the projected excess fund balances could be used for.

Mr. Fifield stated that the funds could be used for TIF eligible uses.

Member Wimmer asked for a schedule of available TIF funds to be developed so that the City could determine how much assistance could theoretically be applied to future projects.

Mr. Fifield stated that this was something that was determinant on what policies were used moving forward and the status of developer default and percentage of administrative expenses. Mr. Fifield stated that a range of estimated projected TIF funds could be prepared in short order.

Mr. Fifield provided a status report of TIF Districts 9 and 10 and reviewed the development agreement obligations and cash flows.

TIF No. 10 still has 15 months to obligate additional TIF dollars.

The Five Year Rule has been extended to 10 years by legislation which will allow the City to obligate funds until 2016 for TIF District No. 9.

Member Wimmer stated that it is important to identify how much money will be available to spend on projects that that this information should be communicated to the public as soon as possible.

Consensus of discussion was to identify available TIF revenue for projects moving forward and to outline potential policy alternatives pertaining to the TIF districts, development agreement enforcement, payment of special assessments, assessment agreements, review of knock-down action for TIF 9, and projects in default and to bring it back to the next meeting. No motion or official action was taken on this item.

#### **4. Modification of EDA Bylaws**

Economic Development Director presented the report. Mr. Sullivan stated that a change in Section 3 adding the directional NW to the Office of Authority was needed to accurately reflect the current address.

Motion was made by Kennedy, seconded by Wimmer, to approve the amended EDA Bylaws correcting the directional street designation. Motion carried unanimously.

#### **5. 2010 Minnesota Business Assistance Form (MBAF) Reports**

Economic Development Director Sullivan presented the information provided in the MBAF reports submitted for 2010. Subsidy amounts, job creation and the 5 year rule of operation were highlighted for the eleven projects that had subsidy reports required in 2010.

Member Wimmer pointed out the more recent agreement have higher job requirements than older ones.

The EDA thanked Mr. Sullivan for the report and there were no questions.

No action taken.

#### **6. Other Business / Updates**

Economic Development Director Sullivan summarized the projects he was involved with

- a. Termination of Tax Abatement Agreement for Larson Properties
- b. Assignment and Assumption Agreement from Michael Miller Properties, LLC to TNK Holdings, LLC
- c. RWL II Properties, LLC
- d. American Manufacturing
- e. 2010 Mayor's Employer Appreciation Luncheon
- f. Isanti / Rail Industrial Park

Mr. Sullivan stated that he has met a lot of people from the community and that they have been making the transition for him go very smoothly to this point.

Mr. Sullivan stated that the Farmers Market opened on April 10, and that people they want more information should contact the Isanti Chamber of Commerce.

## **7. Adjournment**

Wimmer motioned, seconded by Kennedy to adjourn at 8:11 p.m. Motion passed unanimously.

Dated at Isanti, Minnesota, this 27<sup>th</sup> day of April, 2010.

Respectively Submitted,

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Sean M. Sullivan, Economic Development Director