

City of Isanti
Economic Development Authority
Regular Meeting Minutes of
June 7, 2016
Isanti City Hall

1. Call to Order

The meeting was called to order by Economic Development Director Sullivan at 7:34 p.m.

a. Pledge of Allegiance

b. Roll Call

Commissioners Present: George Wimmer, Keith Dragisich, Dan Collison, Steve Lundeen, Ross Lorinser (Sworn in during Agenda Item 2.5) and Paul Bergley

Commissioners Absent: Tara Hallberg (Excused)

Staff Present: Economic Development Director Sean Sullivan

c. Agenda Modifications

President Wimmer asked for Item 2.5 Oath of Office for Ross Lorinser to be added to Agenda.

2. Approval of Agenda

Motion to approve Agenda with addition of Item 2.5 by Lundeen, second by Collison, motion carried unanimously.

2.5. Oath of Office for Ross Lorinser

Economic Development Director Sullivan administered the Oath of Office for Commissioner Lorinser.

Motion by Dragisich second by Lundeen to appoint Ross Lorinser Vice President of EDA, motion carried unanimously.

ED Director Sullivan stated he would bring back a Resolution to the next EDA meeting for adoption to amend officers for EDA.

3. Approve Minutes of May 3, 2016 Regular Economic Development Meeting

Motion by Lundeen second by Bergley to approve the minutes for May 3, 2016. Motion carried unanimously.

4. Update and Discussion on Progress of Hotel

Economic Development Director Sullivan outlined the staff memo which included the recent history regrading efforts to bring a Hotel to Isanti. He highlighted the favorable study and the method that staff had been using to get interest in the hotel and to attract investors. 33 and 49 unit concepts with a pool were outlined in the study with associated project and financing cost and potential rate on return investment. Sullivan indicated that the study showed market demand of 70-80 rooms.

President Wimmer gave more history regarding the City Council position on willingness and methods to use to help bring a Hotel to Isanti. The direction given to Council was to bring a finance package to the RLF Committee for review that showed the gap and a request for assistance for the project. He also stated the a discussion took place during 2016 Council Goal Setting and that there was not a strong appetite from the City Council for the City to be involved in long-term or majority ownership of the project. He did state that in order for the city to get a hotel he felt the City would have to be involved but the role might need to be larger

Discussion ensued.

Commissioner Dragisich asked if another approach that included a fitness component and restaurant component to the project. This approach would allow for additional revenue streams which could minimize risk for primary investors and also bring items that the community is asking for.

President Wimmer stated that he believes that a hotel will be built in the area in the next 2 years. He indicated the Isanti Indoor Arena bring a year round draw to Isanti and that it helps generate demand for rooms. He thought looking at adding additional components might be worth a shot.

Commissioner Lundeen indicated the he heard that Cambridge was looking to update their study.

Sullivan stated that a lodging tax would also be a revenue source to help offset City costs. The use of the funds are limited marketing and tourism of the city.

President Wimmer asked the EDA commissioners to voice their level of interest in expanding the City role (including ownership options) to bring a Hotel to Isanti. He said that that it is a philosophical discussion on whether the City should be involved in a project of this type.

Dragisich asked about engaging restaurant that have partners with hotels if they would have an interest in being a partner in hotel of Isanti.

Commissioner Lundeen stated the rooftops drive restaurant investment. We don't meet a lot of the demographic criteria needed to bring in restaurants.

Discussion ensued.

Commissioner Lorinser asked of the have been other City owned hotels.

Sullivan indicated he was aware of EDA owned hotels in tourist locations and that City owned hotels were not common.

Commissioner Lorinser asked how we would know if the study is legitimate and something to be trusted.

ED Director Sullivan stated the IDM did the objective study and that there reputation is attached to that study. That is why the City contracted with an objective party so we could get an honest opinion of the market conditions and chances for success.

Commissioner Lorinser asked about the city and taxpayer exposure to a hotel deal if the City had an ownership stake.

ED Director Sullivan stated that it depends on how it is structured. To date there is not a specific structure to review so exposure can't be analyzed. He asked if he was to explore options on how the city could be involved.

Commissioner Lundeen indicated that he didn't want to see a big tax increase due to a hotel project.

Discussion ensued.

There was discussion outlining hypothetical scenarios and how the City exposure or risk would be analyzed. Project scope limited room count to 49 or less. Discussion about city owned hotels ensued with Commissioner Collison referencing the Cedar Rapids version. Consensus was that a hotel is needed in Isanti but we must be cautious in the City Approach.

ED Director Sullivan stated the approach we are using right now is the safest as puts us in a position to evaluate a proposal before committing the City. He warned against negotiating against ourselves or putting our cards on the table first.

President Wimmer stated that he wanted to share on the upside of a project if the City is an owner in the project.

Sullivan asked the EDA to consider the following options or hybrids and to give direction:

- 1) Status Quo –Shop study and continue to ask for proposals
- 2) Explore partial City ownership and how it might look (50% or less), spend some money potentially to have Northland Securities to provide some opinion or guidance.
- 3) Seek TIF or Special legislation for project in 2017 session (spend money on lobbyist...)

Discussion ensued.

Motion by Lundeen, second by Collison to direct Economic development team to work with prospects that could include partial EDA ownership (incentives) and to bring proposals back for review and to work with Northland Securities to get a better definition on how partial city ownership might look and to raise the priority of this project. Motion carried unanimously.

5. Other Business / Updates / Communications

- a. Business Prospects
- b. Mayor's Employer Celebration Day

- c. ISD 911 Business Advisory Committee
- d. NLX Steering Committee Update
- e. IEDC Training
- f. EDAM Summer Conference
- g. 100- 102 Dahlin
- h. Housing Starts in 2016
- i. Business Arrivals and Departures in Isanti 2016

6. Adjournment

Lundeen motioned, seconded by Bergley to adjourn at 8:36 pm. Motion carried unanimously.

Dated at Isanti, Minnesota, this 7th day of June, 2016.

Respectively Submitted,

Sean M. Sullivan, Economic Development Director