

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING
MONDAY, FEBRUARY 10, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, February 10, 2014, in the City Hall Council Chambers. President Tourville called the meeting to order at 5:00 p.m. Present were Economic Development Authority members Bartholomew, Madden, Mueller, and Piekarski Krech; Executive Director Link, City Attorney Kuntz, and City Administrator Lynch

3A. Minutes

Motion by Bartholomew, second by Mueller, to approve the minutes from the November 12, 2013 Regular Economic Development Authority Meeting.

Ayes: 5

Nays: 0 Motion carried.

Motion by Mueller, second by Madden, to approve the minutes from the January 13, 2013 Special Economic Development Authority Meeting.

Ayes: 4

Nays: 0

Abstain: 1 Piekarski Krech Motion carried.

3B. Claims

Mr. Link advised that the claims for this quarter relate mostly to recent EDA acquisitions. He noted that an additional invoice will be forthcoming for the demolition of the residence at 8195 Babcock Trail as some of the work could not be done until spring.

Boardmember Piekarski Krech questioned why Chamber membership fees were paid out of the EDA budget.

President Tourville replied that Chamber memberships must come out of the EDA budget rather than the General Fund budget.

Dian Piekarski, 7609 Babcock Trail, questioned why the Police Chief and City Administrator had Chamber memberships rather than the EDA Executive Director/Community Development Director.

Mr. Link advised that although he was not a member, he attended some of the Chamber meetings.

President Tourville advised that Mr. Link could become a member if he so desired, as could all department heads.

Ms. Piekarski asked if the EDA would pay for all Chamber memberships should all the department heads want to be members.

President Tourville replied they would be looked at on an individual basis.

Ms. Piekarski questioned why the DEED grant would be getting Council approval rather than EDA approval. She stated it was her understanding that the DEED grant would be used to acquire property and it would make sense that whatever entity was approving and handling the DEED grant would also be the entity to incur the acquisition expenses.

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Mr. Link replied that to some extent it was semantics as the EDA and the City Council were comprised of the same people. He advised he would have to check with Mr. Lynch on whether or not the City Council had to make grant application or whether the EDA could make application as well.

Ms. Piekarski questioned why the DEED grant was not being discussed at this time as it seemed of high importance. She stated that even though the EDA and City Council were made up of the same people they were two different organizations and therefore things should flow through those organizations in the correct manner. She asked the City Attorney for clarification of the proper flow of approvals and dollars.

Mr. Kuntz advised that the legislation states that the City may apply for the grant, and a narrative explaining the details of the proposed project is also required. The plan is for the City Administrator to state in the application itself that the City of Inver Grove Heights, pursuant to the statute, hereby applies for money and intends to give it to the EDA, the economic arm of the City, for them to use to acquire property and eventually resell it. At some point the Council will then approve the grant application, and then approve a transfer of monies to the EDA for the acquisition, and the EDA will have to approve the acquisition. This will provide transparency as to where the money will be going. In regard to the action being taken tonight, Mr. Kuntz stated that even though the EDA has not yet voted on the acquisition, having a Phase I and other consultant work done to explore the property for possible acquisition would be a legal expenditure.

Ms. Piekarski asked if it would be more appropriate to discuss the DEED grant once it becomes available.

President Tourville replied in the affirmative, stating the EDA had not seen the completed application yet. He stated it was his understanding that approval of the application was not on tonight's agenda.

Mr. Link advised that was correct.

Motion by Bartholomew, second by Mueller, to approve disbursements from November 12, 2013 to February 9, 2014.

Ayes: 5

Nays: 0 Motion carried.

4A. Public Hearing Relating to the Creation of Economic Development District No. 5

President Tourville opened the public hearing relating to the creation of Economic Development District No. 5. He advised that in order to purchase the Frederick property it must be in an economic development district. That district could include just the Frederick properties or it could include additional properties as well.

Mr. Link advised that the EDA is being asked to consider the creation of an economic development district as well as approval of a purchase agreement between the EDA and Aaron Frederick. Mr. Frederick approached the City several months ago expressing an interest in selling his property. Mr. Link advised that the Frederick property is in one of the four redevelopment sites that the City Council identified in the Concord Boulevard Neighborhood Plan. If the EDA were to acquire the property, they would remove the buildings and sell the property for redevelopment at some future undetermined time. Minnesota Statutes require that before the EDA acquires a property it must be in a development district and a public hearing must be held. The EDA is being asked to identify the boundaries of the development district. Option 1 would include only the Frederick property. The Frederick's have a residential property on the west side of Dickman Trail and commercial property on the east side of the street. The commercial property consists

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of four different tax parcels. Option 2 would include the entire redevelopment area, which would include other property owners as well. A third option would be to include only some of the properties in Option 2.

President Tourville noted that the Frederick property must be included in whichever option was adopted.

Mr. Link advised that staff is recommending Option 2, which is consistent with the City's Concord Boulevard Neighborhood Plan and would avoid the expense and time of having to go through this process again if the EDA would acquire another property.

Frank Rauschnot, 6840 Dixie Avenue, suggested that the EDA deal with only the Frederick property at this time. He stated he would like direction from the City as to a plan for the area and whether he can expand, move his business down Dickman Trail, etc.

President Tourville asked Mr. Rauschnot if he wanted to be included in the development district at this point in time.

Mr. Rauschnot replied he did not. He would like the City to have a concrete plan for this area; keeping it industrial rather than residential.

Bill McPhillips, 11798 Akron Avenue, stated he was the owner of 6971 Dickman Trail. He asked for details of the request, including whether the properties were being rezoned.

Mr. Link advised that a rezoning is not being considered at this time. He explained that the Fredericks approached the City expressing an interest in selling their property. In order to proceed with an EDA acquisition the Frederick property must be in an economic development district. The question before the EDA tonight is which properties should be included or excluded in that district.

Mr. McPhillips asked if the creation of an economic development district consisting only of the Frederick property would affect the zoning of his property and would he be able to sell it to someone other than the City.

Mr. Link replied that Mr. McPhillips' property would remain zoned I-1. He stated that Mr. McPhillips has a conditional use permit which gives him legal rights to continue his operation or he could sell his property to someone else who wanted to do the same thing.

Mr. McPhillips asked what the advantage was of creating the larger economic development district.

Mr. Link replied it would be consistent with the City's Concord Boulevard Neighborhood Plan and if at some point a property owner in the development district wanted to sell their property to the City, it would save time and make the process easier.

Mr. McPhillips asked for more details of the process.

President Tourville responded that the EDA would be the entity purchasing the Frederick property. Any property purchased by the EDA must be in an economic development district.

Mr. McPhillips asked if Ace Blacktop or Southeast Towing were included in the proposed development district.

Mr. Link replied at this time they were not proposed to be included in Development District No. 5 as the southern border of Option 2 was north of Ace Blacktop and Southeast Towing.

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Mr. McPhillips asked why the southern border was put in that location.

Mr. Link replied it has not yet been determined how large the redevelopment area should be and whether it should be industrial or residential. Because those questions remain unanswered the City chose to include the area most directly identified for redevelopment.

Boardmember Bartholomew clarified that the EDA can negotiate for a property that is not in a development district; however, they cannot actually purchase it until it is part of an economic development district.

Ms. Piekarski asked if the City had received paperwork in regard to Ms. Frederick having power-of-attorney.

Mr. Kuntz replied the City had received evidence of two different powers-of-attorney, both running to Paulette Frederick.

Ms. Piekarski expressed a concern that placing a property in an economic development district could potentially limit resale opportunities. She suggested approving the option that had the least impact. Ms. Piekarski asked if the City, rather than the EDA, had the authority to buy and sell property.

Mr. Kuntz explained that for various authorized uses the City has purchased property for storm ponds, golf courses, city halls, fire stations, park development, etc. However, for the EDA to acquire property for economic development the property must be in an economic development district.

Boardmember Madden stated he would like to see a land use plan in place for the area in question. Because of the existing railroad, refinery, etc. he believes industrial would be a better fit than residential. He advised he did not recall the plan that Mr. Rauschnot referenced earlier for his business and stated in the future he would like to be informed of all such information.

President Tourville advised that all Councilmembers were informed of Mr. Rauschnot's proposal; however, at the time it was determined the two sides were too far apart to proceed with negotiations.

Mr. Rauschnot stated he would like to see a concrete plan for the area so everyone could plan for the future. He stated the relocation plan he submitted to the City a few years ago was aggressive, but was meant to be a starting point for negotiations. He would like to remain in the area as it is centered to his customer base and his plan to relocate down the street would allow him to expand and build more boats. He reiterated that he would like to include only the Frederick property in Economic Development District No. 5 at this time.

Kathy McPhillips, 6971 Dickman Trail, asked if anyone that initially agreed to be a part of the development district could choose to opt out at a later time. Also, once a development district is created, is it there forever or is there a statute of limitations on how long it exists.

Mr. Kuntz stated that development districts do not have a limit by statute. He noted that properties in a development district must be contiguous to each other. He stated he had not researched into whether a person could opt out of a development district that they were a part of, but he believed they could by going through the public hearing process to amend the boundaries of the district.

Ms. McPhillips asked if the City had a specific timeframe for when they would determine the final plan for this area.

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Mr. Link replied they currently had no specific timeframe.

President Tourville asked if the McPhillips wanted to be included in the development district.

Boardmember Piekarski Krech questioned whether the McPhillips could be included since their property was not contiguous.

Mr. Kuntz stated that moving southward from the Frederick property was the Darrow property, the McPhillips property, and then the River Country Cooperative property. The EDA could include the McPhillips in the development district if they chose Option 3 and extended the district from the Fredericks property southward to River Country Cooperative.

President Tourville noted that Mr. Rauschnot would not be part of the district because he opted out.

Boardmember Piekarski Krech asked if staff had communicated with the Darrows.

Mr. Link advised that he received four phone calls regarding this proposal. Three of the proposals were general inquiries from River Country Cooperative, Xcel, and the Darrows, none of which voiced any objections. The fourth inquiry was from Dian Piekarski in regard to the Concord Boulevard Neighborhood Plan.

Mr. Rauschnot stated that economic development should create long-term jobs and therefore industrial would be a better option than residential. He noted that certain types of housing could put a strain on City services (i.e. police, fire, school, etc.).

President Tourville stated this proposal would not change any existing zoning.

Mr. McPhillips noted that two of the houses he owned on Dickman Trail did not have a conditional use permit. He asked Mr. Link if he would be allowed to sell those two houses to someone other than the City if they were included in the development district.

Mr. Link replied that being in a development district would not impact his ability to sell to someone other than the City. He noted that the houses were legal non-conforming residential uses which were grandfathered in and could be sold as such.

Mr. McPhillips asked what the advantage would be of being included in the development district.

Mr. Link replied the advantage of being included in the development district tonight was that, if Mr. McPhillips chose at some point to ask the EDA to acquire his property, he would not have to go through the lengthy public hearing process.

Mr. McPhillips stated he would like to be included in Economic Development District No. 5.

Boardmember Bartholomew asked if the conditional use permit would stay with a property in an economic development district if the property were sold.

Mr. Link replied in the affirmative.

Boardmember Mueller asked if the conditional use permit would stay with the land.

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Mr. Link replied in the affirmative.

Boardmember Bartholomew stated he would not want the property owner's rights to go away once they were in an economic development district.

Mr. Link advised that the economic development district would not impact the conditional use permit.

Boardmember Piekarski Krech agreed with Mr. Rauschnot that the City should decide sooner rather than later what the proposed plan was for the area. She noted there were several legal non-conforming houses in the area and hopefully they could avoid perpetuating the conflicting land use.

Mr. Link advised there were 5-6 houses in the area.

Boardmember Piekarski Krech stated she was not in favor of creating a development district and then just holding onto the land. She would like to have a well thought out plan of what they would like to do with it, as well as a timeframe.

Boardmember Madden stated they should determine whether it would be industrial or residential.

President Tourville restated the three options.

Boardmember Piekarski Krech stated that Mr. Rauschnot has stated he does not want to be included.

President Tourville noted that Option 2 would then be out because Mr. Rauschnot's property was included in that option. Option 1 would include just the Frederick property and Option 3 was a combination of properties which could allow Mr. McPhillips to be part of it.

Boardmember Madden suggested Option 1 as he would like to give everyone involved in Option 3 more time to decide what they want to do.

Boardmember Bartholomew agreed with Boardmember Madden, stating he was in favor of Option 1 only.

Motion by Madden, second by Piekarski Krech, to close the public hearing.

Ayes: 5

Nays: 0 Motion carried

Motion by Madden, second by Mueller, to approve Option 1, Resolution EDA 14-02 approving the creation of Economic Development District No. 5, (Frederick Property).

Ayes: 5

Nays: 0 Motion carried.

Motion by Madden, second by Bartholomew, to approve Resolution EDA 14-03 approving a purchase agreement between the City of Inver Grove Heights Economic Development Authority and Aaron M. Frederick relating to the purchase of property located at 6845 Dixie Avenue East and 6836 Dickman Trail.

Ayes: 5

Nays: 0 Motion carried.

5. REGULAR AGENDA

A. Approve 2014 EDA Work Plan

Mr. Link summarized the draft work plan which focuses on four activities, including redevelopment in the Concord area, the Gun Club site, EDA financing, in particular how other cities finance their EDA's, and the economic development specialist. Mr. Link requested that the EDA take action by identifying the issues they would like to focus on in the coming year.

Boardmember Mueller stated the Gun Club site and the Southeast Quadrant were important to him and he felt it should be a priority. He did not want to focus on the redevelopment of the north end of Concord or south of 66th Street at this time as it was likely a couple of years out.

President Tourville questioned the economic development specialist position due to budget concerns.

Boardmember Piekarski Krech stated that adopting a mission and vision for the City should be a priority as it was difficult to establish a work plan without it.

President Tourville agreed, stating that is why the City Administrator recommended scheduling a strategic meeting.

Boardmember Bartholomew stated that previous discussions regarding the economic development specialist position resulted in such a large gap between what the EDA and staff felt the salary should be and, therefore, he would recommend removing that from the work plan.

Boardmember Madden agreed.

President Tourville stated he would agreeable to removing the economic development specialist discussion and retaining the other three items on the draft work plan.

Boardmember Piekarski Krech noted that something else could arise that the EDA felt had more priority.

Boardmember Madden replied they would then add it to the work plan.

President Tourville asked if there were other issues Boardmember Piekarski Krech wanted added to the work plan.

Boardmember Piekarski Krech stated she did not have anything specific at this time, but something could come up in the future.

President Tourville stated the work plan was not binding, but would ensure they continue to get information on the identified issues.

Boardmember Piekarski Krech stated she was simply concerned about how the motion was stated.

Boardmember Bartholomew suggested perhaps phrasing the motion to accept the work plan as stated with the knowledge that the EDA could add anything to it at any time.

Boardmember Madden suggested they add the verbiage 'or change it at any time'.

Motion by Madden, second by Bartholomew, to approve the 2014 EDA Work Plan minus the Economic Development Specialist, with the understanding that the EDA could add to or change it at any time.

Ayes: 5

Nays: 0 Motion carried.

B. 2014 Progress Plus Work Plan

Jennifer Gale, Progress Plus, distributed a supplement and summarized the draft 2014 Work Plan. She advised that one of the major changes they are recommending would be to develop a public relations plan and subscribe to Vocus. Vocus would provide them the opportunity to target specific media outlets in the country. They would welcome recommendations from the EDA and City staff as to specific businesses or developments they would like to promote. They could do up to two focused articles per month and this would replace the focused development pieces they did last year. They are also looking to facilitate an Economic Impact Study of the Union Pacific Railroad. The railroad asked Progress Plus to participate in this as the University of Minnesota Extension Services will only work with community organizations. The study will assess the following three components: 1) the economic contribution of the rail yard operations, 2) the economic impact related to anticipated rail yard improvements, including hiring additional people, and 3) the economic impact related to anticipated rail yard improvements. She advised they have asked for a meeting with Union Pacific to go over the South St. Paul and Inver Grove Heights redevelopment plans for Concord Boulevard so they can be incorporated into the rail yard improvements they plan to make.

President Tourville suggested that Union Pacific be advised that the City is considering a quiet zone.

Ms. Gale replied that she had already informed them of that possibility. Progress Plus also plans to compile a comprehensive list of businesses in the City utilizing information from the Chamber of Commerce, the City, possibly the State, and also working with a mail house. She noted that the list is only as good as the day it is generated and that keeping it current would be difficult.

Boardmember Mueller asked if Ms. Gale could email their monthly reports to Councilmembers as well.

Ms. Gale replied in the affirmative.

C. Progress Plus Update

Ms. Gale summarized the last quarter activities. She noted that the two owners of Stoneman Masonry are looking for investors to take their business to a new level by purchasing or building a new workspace. Progress Plus referred them to Open to Business to learn of investment opportunities and to refine their business plan. They also met with a construction company who is looking to purchase land to either build a building or perhaps looking for financial assistance. They also met with two other companies in South St. Paul considering expansion. Ms. Gale met with Samantha Damaggio of the City of Shakopee to learn about their business attraction efforts and why they are getting large businesses to come to their community. The City of Shakopee has been undertaking a number of activities to attract business, one of them being a façade improvement program in which businesses can apply for a forgivable loan for exterior-building improvements. Tax abatement, TIF, and Shakopee's broadband expansion program have also played a significant role in bringing in businesses.

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Ms. Gale reminded Boardmembers that they were invited to attend Progress Plus's annual board meeting next week.

D. Elect Officers

Boardmember Piekarski Krech suggested electing a different President as a way of distinguishing the EDA and the City Council as two different entities

President Tourville suggested the current officers rotate their positions with Piekarski Krech now serving as President, Bartholomew as Vice-President, and himself as Treasurer.

Motion by Tourville, second by Madden, to appoint Piekarski Krech as President, Bartholomew as Vice-President, Tourville as Treasurer, the City's Finance Director as Assistant Treasurer, and the Executive Director's designee as Secretary.

Ayes: 5

Nays: 0 Motion carried.

6. NEXT MEETING

President Tourville questioned the next meeting date.

Mr. Link advised that the next meeting was scheduled for May 12th rather than May 13th as listed on the agenda.

Motion by Mueller, second by Piekarski Krech, to schedule the next EDA meeting to Monday, May 12, 2014 at 5:00 p.m.

Ayes: 5

Nays: 0 Motion carried.

7. ADJOURNMENT: Motion by Piekarski Krech, second by Bartholomew, to adjourn. The meeting was adjourned by unanimous vote at 6:25 p.m.