

MINUTES
TAX INCREMENT FINANCING GUIDELINES REVIEW COMMITTEE
March 24, 2008

MEMBERS PRESENT: Bill Okrepkie, Karen Gundersen Olson, Sam Kooiker, Bob Brandt, Dan Dryden, Mike Tennyson, Marcia Elkins, Robert Ellis, Pauline Sumption

OTHERS PRESENT: Diane Dahl, Nancy Jensen, Dale Jensen, Alan Hanks, Mike Schad, Karen Bulman, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 11:35 a.m.

Approve Minutes

Okrepkie moved, Dryden seconded and carried unanimously to approve the minutes of the March 7, 2008 meeting.

Specific Interest Rate Bench Marks

Schad presented revisions recommended by the City Attorney's Office to the proposed interest rate language. Discussion followed regarding the determination of when the increment would be sufficient to repay the outstanding debt and certification of the amortization term of the debt.

In response to a question from Okrepkie, Elkins outlined the manner in which the City Council could adjust the interest rate for Tax Increment District requests to be more reflective of the current market. Elkins indicated that a maximum interest rate must be established to permit calculation of the total Project Costs.

Tennyson offered additional amendments to the interest rate language. Discussion followed regarding amendment to the interest rate "reset" language to insure tax payer benefit.

In response to a question from Brandt, Elkins addressed the advantages and disadvantages of utilizing Revenue Bonds to refinance a Tax Increment District.

Tennyson moved, Brandt seconded and carried unanimously to recommend approval of the Interest Rate Bench Mark language as amended:

The Tax Increment Finance interest rate shall not exceed nine (9) percent during the life of the Tax Increment Finance. During the construction phase of the project and until the project is cash flowing from a tax revenue basis the developer and lender shall be free to negotiate an interest rate not to exceed nine (9) percent. Within 90 days of the date the developer is notified by the City that the tax revenue is sufficient to amortize the debt over the remaining life of the Tax Increment Finance District and confirmed by the Financial Institution, the interest rate on the remaining balance shall be reset at an interest rate of not more than three (3) percent over the published ten (10) year U.S. Treasury rate not to exceed nine (9) percent. That rate shall remain in effect for a five year period, at which time it will be reset using the same formula. The City shall also retain the right to refinance any Tax Increment Finance through the use of Revenue Bonds or any other funding source available during the life of the Tax Increment Finance.

Discussion followed regarding the implementation timetable for the proposed interest language.

Kooiker moved to forward the Interest Rate Bench Mark language to the City Council for adoption and immediate implementation for all future Developer Agreements. Okrepkie seconded the motion.

Discussion followed regarding the individual or group implementation of the Task Force recommendations. Okrepkie addressed the impact the Task Force recommendations have on the work of the Tax Increment Finance Project Committee and encouraged the committee to forward stand alone policies such as the Interest Rate recommendation to the City Council for immediate implementation.

The motion to forward the Interest Rate Bench Mark language to the City Council for adoption and immediate implementation for all future Developer Agreements carried unanimously.