

MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
December 6, 2011

MEMBERS PRESENT: Gary Brown, John Brewer, Erik Braun, Lyndell Petersen and Ritchie Nordstrom

MEMBERS ABSENT: David Janak

OTHERS PRESENT: Karen Bulman, Jeanne Nicholson, Kent Hagg, Rex Hagg, Brian Hagg, Doyle Estes, John Ashley, Bonny Petersen, Emilie Rusch, Joel Landeen, Jerry Wright, Pauline Sumption, Terry Wolterstoff, Dale Tech, Dawn Aspaas, Conrad Rupert, Stephen Eckrich, Ross Johnson, Fern Johnson, Tony Marshall, David Hillard and Casey Peterson

Call to Order

Brown called the meeting to order at 7:03 a.m.

Approve Minutes

Motion by Brewer, seconded by Petersen and carried unanimously to approve the minutes of the February 1, 2011 meeting.

Project Plan for Highway 16 Tax Increment District #70 (11TIF002)

Bulman indicated that the district was created in 2008 but the Project Plan was not completed at that time. She addressed the district boundaries, the project phasing, the projected revenue and costs and the amortization schedules. Bulman briefly reviewed the location of the sewer and water lines, the proposed traffic signal, the proposed turn lanes and the realignment of Sammis Trail with Moon Meadows Road. She identified the estimated time period for payoff of the Tax Increment District at both 7.5% and 9% interest rates.

In response to a question from Brown, Bulman informed the Committee that the Project Plan meets the guidelines for Tax Increment Districts. Bulman further noted that the district is an Economic Development District.

Brown advised that David Hillard is withdrawing himself from the dais due to a Conflict of Interest.

Kent Hagg, applicant, introduced Dawn Aspaas, consultant, for the Tax Increment District Project Plan. He explained that the Tax Increment District was formed in 2008 and that the original plan was to include the installation of the new sewer line from Fifth Street to US Highway 16, which is currently being installed by the City and the South Dakota Department of Transportation. He further explained that the proposed Project Plan includes the extension of the sewer main to the south using a gravity based sewer system, and that the installation of the City water main will give the property owners in the area additional water pressure. He added that he has visited with the property owners surrounding his property about the proposed Project Plan.

Aspaas thanked staff for all of their help. She stated that the Tax Increment District will add to the quality of uses and services that could be provided in this corridor and increase development and sales tax revenue for the community. She explained that the first phase

includes 12 acres and that investors have become more interested since there are plans to extend the sewer and water services to the property.

Kent Hagg added that the new sewer line on Catron Boulevard from Fifth Street to US Highway 16 has brought feasibility to this project. He briefly addressed the extension of Moon Meadows Road and the new traffic signal at this intersection.

Rex Hagg explained that the Tax Increment District was created three years ago without a Project Plan. He added that they have worked hard to move forward with the project and that the Project Plan conforms to the requirements for Tax Increment Districts.

Brian Hagg requested that he be allowed to defer his comments to a later time in the event that an issue may arise during the course of the meeting.

Stephen Eckrich, Orthopedic Land Company, expressed his opinion that there are two advantages for the Tax Increment District. He explained that one advantage is the extension of the sewer line and the grading of the rearage road to the medical facilities, and the second advantage would be for additional development that would not negatively impact the neighborhood.

Doyle Estes expressed his support for Tax Increment Districts and his concern with the proposed Project Plan not benefitting his property to the north of Catron Boulevard. He added that the Tax Increment District originally included the extension of the sewer line along Catron Boulevard which is now being installed and financed by the City and the State. Estes also expressed concern about not being contacted by the applicants and that the existing district will possibly prevent him and area property owners from obtaining a Tax Increment District for the extension of Promise Road to the properties located north of Catron Boulevard. He requested that his property be removed from the district or that the applicants be willing to work with him and surrounding property owners in regards to the extension of Promise Road. A brief discussion followed.

Conrad Rupert expressed his support for the Tax Increment District and added that he agreed with Estes and hoped that the district would not handicap the property owners north of Catron Boulevard.

Tony Marshall stated that he would be willing to work with the applicants regarding the extension of Promise Road. He added that if that is not successful, he would like to have his property removed from the Tax Increment District.

Rex Hagg addressed the issues of the sewer line, the extension of Promise Road and the removal of the properties from the district.

In response to a question from Braun, Bulman explained that the Tax Increment District was created for a proposed residential development along US Highway 16. She added that the district was created but that a Project Plan was not approved. Additional discussion followed.

In response to a question from Brewer, Bulman explained the notification process and stated that the applicants met the notification requirements.

Estes reiterated that the property owners north of Catron Boulevard would be willing to share in the costs of the Tax Increment District as long as they are able to receive their share of the proceeds.

Aspaas reviewed the project costs and explained that a lift station was included in the original Tax Increment Project Plan and could be added as Phase 3 in this Project Plan. She stated that the applicants submitted this option if the Committee determines that a lift station should be included in the proposed Project Plan.

Nordstrom entered the meeting at this time.

In response to a requested question from Aspaas, Tech reviewed the sewer project on Catron Boulevard from Fifth Street to US Highway 16 and the lift station project at the intersection of Catron Boulevard and US Highway 16.

Kent Hagg stated that it is their intent to work with all interested parties of the Tax Increment District. He added that there has been an increase in interest for new businesses due to the extension of sewer and water services to the area. Hagg advised that the rough grading of Promise Road to the south will take place in conjunction with the sewer line extension. He expressed concern with including the construction of Promise Road to the north of Catron Boulevard in the Tax Increment District because the associated costs could impact the financial stability of the district.

In response to a question from Brown, Hagg expressed his opinion that the inclusion of the construction of Promise Road in the Tax Increment District could create a financial burden and could impact the payment schedule for the district. He requested that the Committee approve the Project Plan.

Tech reviewed the extension requirements for Promise Road, both north and south of Catron Boulevard. Additional discussion followed.

In response to a question from Braun, Bulman advised that to remove a property from a Tax Increment District, the district would need to be dissolved. She added that the timeline to change the Project Plan would depend upon all interested parties coming to an agreement and that all interested parties would need to sign the application. Bulman noted that a Developer's Agreement would address the proceeds and pay off requirements. Additional discussion followed.

Eckrich expressed his opinion that the construction of new roads should be the responsibility of the developers and that the approval of the Project Plan should not be delayed because of the Promise Road issue.

Marshall expressed his opinion that a hasty decision about the Project Plan should not be made and that the interested parties should be allowed additional time to resolve the issues.

Bulman reviewed the process to dissolve a Tax Increment District. She informed the Committee that they could approve the Project Plan for the Tax Increment District which would then go to the Planning Commission and City Council for approval, deny the Project Plan or continue the Project Plan to a specific date for further consideration.

Brewer expressed his opinion that the applicants have worked hard to complete the Project Plan and that the elements meet the Tax Increment District requirements.

Motion by Brewer to recommend approval of the Project Plan for Tax Increment District #70 – Highway 16 Sewer as proposed. The motion was seconded by Braun.

Nordstrom stated that he is comfortable with the Project Plan but that he would like to request a few additional minutes to review the Project Plan.

The motion to recommend approval of the Project Plan for Tax Increment District #70 – Highway 16 Sewer as proposed carried with Brown, Brewer, Braun and Nordstrom voting yes and Petersen voting no.

Casey Peterson expressed his support for the Project Plan but expressed his opinion that the information needs to be more readily available to the public.

There being no further business to come before the Committee, Braun moved, Brewer seconded and motion carried unanimously to adjourn the meeting at 8:15 a.m.