

MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
January 24, 2012

MEMBERS PRESENT: Gary Brown, Ritchie Nordstrom, Lyndell Petersen, Eric Braun and David Janak

MEMBERS ABSENT: David Hillard and John Brewer

OTHERS PRESENT: Karen Bulman, Jeanne Nicholson, Hani Shafai, Emilie Rusch, Pauline Sumption, Joel Landeen, Dale Tech, Terry Wolterstoff, Pat Hall and Jared Grosshans

Call to Order

Brown called the meeting to order at 7:02 a.m.

Approve Minutes

Motion by Nordstrom, seconded by Janak and carried unanimously to approve the minutes of the December 6, 2011 meeting.

East St. Joseph Student Housing (12TIF001)

Bulman informed the Committee that the Tax Increment District is being created to assist in development of property along East St. Joseph Street that would be used for student housing and commercial development. She addressed the district boundaries, project costs, interest rates, payment schedule and property acquisition. Bulman added that a letter of support for the project has been received from the South Dakota School of Mines and Technology.

Hani Shafai, applicant, briefly reviewed the history of the South Dakota School of Mines and Technology and noted that the project would be to provide housing for students attending the college. He identified the boundaries of the proposed district and noted that the property south of the proposed project is owned by the Catholic Church who has indicated that they will be building a Newman Center for the students. Shafai outlined the location of the two proposed structures and the parking lot identified in the project plan. He informed the Committee that the project will continue to be owned by the investors and when the loans and investors are paid off, arrangements may be made with the school for them to run the housing with any net proceeds being donated to the scholarship program. Additional discussion followed.

In response to a question from Nordstrom, Shafai explained that the investors are working to find alternative housing for the current residents of the rental properties. A brief discussion followed.

In response to a question from Braun, Shafai advised that the alley will be paved and the sewer will be repaired if necessary.

In response to a question from Braun regarding the property acquisition costs, Landeen reviewed the Tax Increment Finance requirements for land acquisition costs. He added that land acquisition costs must be in line with the actual value of the property. Additional discussion followed.

In response to a question from Janak, Shafai explained that both Phase 1 and Phase 2 should be completed in one year. He added that the combination of both phases would provide 260 to 270 beds.

In response to a question from Janak regarding the payout, Shafai stated that the investors hope to have the project paid off sooner than 15 years but that would depend on the variable interest rate.

In response to a question from Janak, Bulman explained that the property is currently zoned General Commercial District.

Sumption further explained that the City will require a closing statement for each property to insure that the acquisition costs are comparable to the actual values of the property. She added that the City Council approved the inclusion of the acquisition costs in the Tax Increment District.

Jared Grosshans stated that he owns three buildings on East St. Joseph Street and that it is very hard to maintain and keep the rental properties presentable. He stated that he is not being overpaid for the properties.

Janak expressed his concern with including the acquisition costs in the Tax Increment District. A brief discussion followed.

Janak moved to recommend approval of the creation of a Tax Increment District and a Project Plan for the East St. Joseph Street Student Housing. The motion was seconded by Nordstrom and carried with Brown, Nordstrom, Braun and Janak voting yes and Petersen voting no.

There being no further business to come before the Committee, Nordstrom moved, Braun seconded and motion carried unanimously to adjourn the meeting at 7:38 a.m.