

MINUTES
TAX INCREMENT FINANCE COMMITTEE
September 19, 2006

MEMBERS PRESENT: Malcom Chapman, Bob DeMersseman, Marcia Elkins, David Janak
Ida Marie Fast Wolf, Bill Okrepkie, Ron Kroeger and Joel Landeen

OTHERS PRESENT: Deb Hadcock, Lawrence Kostaneski, Hani Shafai, Scott Omera,
Michael Small, John Silverman, Karen Bulman and Risë Ficken

Call to Order

Elkins called the meeting to order at 11:32 a.m.

Tax Increment District No. 49 Project Plan – East Anamosa Street

Elkins briefly described the funding shortfall for the road construction for East Anamosa Street.

Bulman presented the preliminary review of the Tax Increment District No. 49 Project Plan, including changes to total project costs noting that the base value of the district and anticipated increments have not changed.

Fast Wolf entered the meeting at this time.

Elkins advised that engineering staff has expressed concerns, that as a result of significant fluctuation in construction costs nationally, preliminary cost estimates for the road construction are difficult to predict. Elkins suggested that the project move forward with the construction costs as identified with the understanding that if costs exceed current estimates a reduction from a five lane facility to a three lane facility may be required. Elkins added that a request for upfront funding for the City's portion of the project costs for the road construction will be considered by the .16 Utility Fund committee at a meeting September 20, 2006.

In response to a question from Chapman, Elkins indicated that the option to reduce the project to a three lane facility is identified as a fall-back position pending a determination of actual construction costs.

In response to a question from Chapman, Bulman clarified that only a portion of the Tax Increment Districts No. 39 and No. 49 boundaries overlap.

In response to a question from Landeen, Elkins confirmed that a request for upfront funding in the amount of \$1.5 million for the East Anamosa Street construction will be considered by the .16 Utility Fund Committee.

In response to a question from DeMersseman, Bulman stated that the incremental values for the area that are overlapping in Districts No. 39 and No. 49 were not included in the projected revenues.

In response to a question from Landeen, Kostaneski indicated that the developer is prepared to move forward with the project improvements and would prefer that the developer funded improvements be reimbursed from the district first.

In response to a question from Kostaneski, Bulman stated that the project costs attributed to the developer in the Tax Increment District are \$850,000.

Discussion followed concerning the cost allocation for the street design. Elkins advised that Barker has agreed to provide an additional \$100,000 toward the project.

In response to a question from Kroeger, Elkins explained that the Federal funding for the project will be allocated over a five year period. Elkins added that the anticipated 85% funding figure provided by the Department of Transportation is an estimate that is determined annually based on a formula calculated at the Federal level. Elkins indicated that the number can change each year based on the revenue generated from gas taxes. Discussion followed concerning potential funding allocations.

Chapman moved, Landeen seconded and unanimously carried to recommend approval of the Tax Increment District No. 49 Project Plan, including project costs as revised, contingent upon action by the .16 Utility Fund Committee to approve \$1.5 million to fund the City's portion of upfront costs for the improvements.

Kostaneski left the meeting at this time.

Hani Shafai, Scott Omera, John Silverman, and Michael Small entered the meeting at this time.

Revisions to Tax Increment District No. 56 – Rushmore Crossing
At Elkins' request, all those present introduced themselves.

Bulman advised that the Resolution Creating Tax Increment District No. 56 was previously approved by the City Council. Bulman briefly reviewed the previously approved project plan noting that the revised project plan amends the project plan costs, removes the I-90 Plaza Drive, and adds right-of-way purchase. Bulman added that the previously approved plan provided a funding split between the developer and the City noting that the developer now proposes to fund the entire project plan. Bulman identified the revised incremental figures, revised anticipated revenues and amortization and repayment schedule.

Elkins clarified that the proposed purchase of right-of-way is for the purpose of straightening the Farnwood (Eglin) Street road alignment. Elkins noted that if entire parcels must be purchased to secure land for the right-of-way, proceeds from excess property that is sold will pay off the Tax Increment District more quickly.

John Silverman identified the project location and identified properties to be purchased in order to secure the right-of-way to straighten and expand Farnwood (Eglin) Street at the intersection of LaCrosse Street. Silverman described the significantly expanded scope of the project noting that the development will be very upscale in nature. Silverman emphasized the importance of the proposed widening and straightening of the entrance to the development at Farnwood (Eglin) Street.

Shafai distributed plans identifying the public improvements in the project plan. Shafai advised that upfront funding was originally secured from the .16 Utility Fund to finance the City's costs for the proposed high-pressure water main and sanitary sewer main identified in the project plan. Shafai requested that the construction of a north-south street in the amount of \$1.755 million be included in the project costs, noting that the developer would upfront all costs and would fund any portion of the overage that was not paid out by the district.

In response to a question from Elkins, Shafai confirmed that the north-south street construction was included in Phase II of the previously approved project plan. Shafai described the importance of the north-south street connection to provide better traffic flows in the area.

Elkins clarified that the applicant is proposing to upfront all costs included in the project plan, including the costs that were previously allocated for improvements from the .16 Utility Fund.

Silverman reviewed the significant increases in the costs to relocate the powerlines in addition to the costs associated with the increased scope of the project.

In response to a question from Landeen, Shafai stated that the funds previously allocated from the .16 Utility Fund for project plan improvements could be released. Shafai added that the applicant will fund any costs for the north-south street improvements that cannot be repaid by the District. Shafai stated that the City would not be responsible for any upfront funding for the project.

Elkins advised that an increase in the project costs will require that the base valuation be reestablished.

In response to a question from DeMersseman, Silverman advised that, pending City approvals, project grading is scheduled to start November 25, 2006 with a proposed opening in November 2008.

Kroeger moved and Chapman seconded to recommend approval of the Tax Increment District No. 56 Revised Project Plan, including the addition of \$1.755 million in project costs for the north-south street construction, and including a contingency for necessary and convenient costs.

In response to a question from Chapman, Elkins stated that the figure for necessary and convenient costs would be identified in the Project Plan documentation to be presented to the Planning Commission.

The motion unanimously carried to recommend approval of the Tax Increment District No. 56 Revised Project Plan, including the addition of \$1.755 million in project costs for the north-south street construction, and including a contingency for necessary and convenient costs.

Hadcock left the meeting at this time.

Request from Parks and Recreation Advisory Board

Elkins advised that a memorandum was received from Jerry Cole outlining a suggestion from the Park and Recreation Advisory Board requesting staff to develop a policy stating that when Tax Increment District Projects are requested, line items be included in the plan for park land development as well as master planning for park areas.

In response to a question from Landeen, Elkins stated that the request would require planning to be included for all projects whether or not a park is included in the area. Discussion followed.

Elkins suggested that a resolution could be drafted to address the concerns expressed by the Park and Recreation Advisory Board and/or the Parks and Recreation Director could be included as liaison to the Tax Increment Financing Committee.

DeMersseman moved, Fast Wolf seconded to add the Parks and Recreation Director as a liaison to the Tax Increment Financing Committee.

Chapman suggested that prior to implementing requirements as suggested, the Park Master Plan be reviewed to determine if a park is appropriate in a given area based on Park and Recreation Department recommendations. Landeen concurred with Chapman.

The motion unanimously carried to add the Parks and Recreation Director as a liaison to the Tax Increment Financing Committee.

Approval of Minutes

Chapman moved, DeMersseman seconded and carried unanimously to approve the minutes of the September 1, 2006 meeting.

Adjourn

There being no further business Kroeger moved, Chapman seconded and carried unanimously to adjourn the meeting at 12:22 p.m.