

MINUTES
TAX INCREMENT FINANCE COMMITTEE
November 29, 2001

Members Present: Dan Dryden, Marcia Elkins, Alan Hanks, Terri Haverly, Tamara Pier, Coleen Schmidt, Bob Wall

Others Present: Dan Bjerke, Sally Broucek, Karen Bulman, Scott Craig, Glenn Davis, Orville Davis, Walt Linderman, Jerry Munson, Gary Rasmusson, Hani Shafai, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 11:37 a.m.

5th Street Tax Increment Tax District

Elkins provided an overview of the proposed 5th Street Tax Increment District including the purpose of the district, proposed infrastructure improvements, associated costs, and financial support available from the identified funding sources. Elkins clarified the current status of IDPF agreements for area development. She stated that all project costs were eligible tax increment expenditures and that all or any portion of the costs could be repaid from the district.

Elkins stated that tax increment financing does not provide project funding requiring the development costs to be funded from alternative sources. Elkins indicated that this would be a speculative district as there are no specific development plans in place at this time. Discussion followed regarding the anticipated funding shortfall during the initial years of the district.

Elkins presented the proposed district boundaries encompassing those lands from Minnesota Street south to Catron Boulevard and from Campbell Street west to the Enchanted Hills Subdivision. Elkins presented two funding options for the district: 1) include all project costs in the district for a total project costs of \$6.5 million, or 2) include only the City/School share of the costs in the district for a total project costs of \$3 million. Elkins indicated that option one would require borrowing from the identified funding sources with repayment of those funds occurring over the life of the district.

Elkins reviewed the anticipated interest rates, projected semi-annual payments and the increment required to support the district. She clarified that the project information is an estimate provided for the Committee's use in determining the direction and development level of the district.

Hanks recommended that Bies, Legacy Land and Kahler be a party to the discussions, as their properties would be incorporated into the proposed district. Hanks voiced support for utilizing the tax increment district to recapture the City/School costs only. Hanks clarified that he would not support a district that would fund developer costs. Elkins briefly reviewed the distribution of real estate taxes from properties covered under a tax increment district.

In response to a question from Shafai, Elkins indicated that the district boundaries could be expanded to include current development areas. Discussion followed regarding the financial impact on the City should all funding resources be directed to the 5th Street project.

Expressing concern with the speculative nature of the 5th Street district, Wall requested clarification of the development level required to support the district. Discussion followed

regarding the impact of the Southeast Connector on area development, identification of the financial resources available to fund the district and the level of development required to support the district.

Hanks stated that he would support development of a tax increment district to fund only those improvements that benefit the community as a whole. Hanks commented on the revenue value realized by the City from commercial and residential development.

Davis commented on the impact infrastructure has on growth and development. Discussion followed regarding the anticipated versus actual development that has occurred adjacent to Catron Boulevard and Highway 16 South.

Pier recommended that the qualifying "mandatory" and "discretionary" criteria be clarified with regard to the proposed district. In response to a question from Hanks, Elkins indicated that Council had directed the committee to determine if a tax increment district could be utilized to recapture the City's development costs for 5th Street. Hanks recommended that all affected landowners be included in the district discussions. In response to a question from Wall, Elkins indicated that there were no development commitments from the affected landowners.

Elkins reviewed the timeframe for receipt of real estate tax revenue on new development and the resulting impact on repayment of the district. Discussion followed regarding the qualifying criteria for a tax increment district and expansion of the proposed boundaries. Elkins briefly reviewed the agreement between the City and Rapid City School District regarding the 5th Street infrastructure development.

Hanks moved and Wall seconded to continue the 5th Street Tax Increment District meeting to allow all affected landowners to be in attendance.

Hanks expressed concern regarding the level of development required to support the district and the impact to the City should that development fail to occur. Wall requested that the district's qualifying criteria be clarified for the Committee. Discussion followed regarding the availability of information to determine the applicable criteria.

The motion to continue the 5th Street Tax Increment District meeting to allow all affected landowners to be in attendance carried with Hanks, Wall, Dryden and Haverly voting Yes, Elkins and Schmidt voting No, and Pier Abstaining.

The Committee set Tuesday, December 11, 2001 at 11:30 a.m. for the next Tax Increment Finance Committee meeting.

Minutes

Hanks moved, Wall seconded and carried unanimously to approve the Minutes of the September 28, 2001 and October 15, 2001 meetings.

Adjourn

There being no further business the meeting was adjourned at 12:35 p.m.