

MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
April 16, 2012

MEMBERS PRESENT: Gary Brown, Ritchie Nordstrom, Lyndell Petersen, John Brewer, David Hillard and David Janak

MEMBERS ABSENT: Erik Braun

OTHERS PRESENT: Karen Bulman, Jeanne Nicholson, Hani Shafai, Emilie Rusch, Pauline Sumption, Dale Tech, Pat Hall, Jerry Wright, Mary Floto, Joel Landeen, Terry Wolterstorff, Chad Lewis, Bill Kessloff, Roger Frye and Stan Adelstein

Call to Order

Brown called the meeting to order at 7:01 a.m.

Approve Minutes

Motion by Nordstrom, seconded by Brewer and carried unanimously to approve the minutes of the January 24, 2012 meeting.

St. Joseph Street Parking (12TIF002)

Bulman explained that the proposed request will replace existing Tax Increment District 62, Downtown Revitalization, which was created approximately five years ago. She added that Tax Increment District 62 was created to build a parking structure and to remove the power lines and contaminated soils at the corner of Sixth Street and St. Joseph Street. Bulman reviewed the boundaries of the new Tax Increment District and noted that Roger Frye's Paint and Supply and the old City Hall building will not be included in the district. Bulman briefly reviewed the Tax Increment District Policy as it relates to the interest rate and requested clarification if the developer can use a 7% interest rate instead of 9%.

Landeen stated that it would be appropriate to approve the proposed Tax Increment District with a 7% interest rate even though the interest rate would be different than the normal policy. He added that the developer would be at risk, not the City and the taxpayers.

Bulman further explained that the new Tax Increment District is being created to build a parking structure and to remove power lines and contaminated soil. She also reviewed the project costs for the proposed district.

In response to a question from Roger Frye, Bulman advised that his retail business property is not included in the proposed district and that there will be no changes to his taxes.

In response to a question from Bill Kessloff regarding the proposed interest rate of 7%, Bulman explained that the interest rate may vary based on the market rate. She added that as the developer moves forward with the financing, the Finance Officer will ensure that the interest rate meets that financing terms of the Tax Increment Policy. A brief discussion followed.

David Janak entered the meeting at this time.

Hani Shafai, applicant, identified the boundaries of Tax Increment District 62 and the proposed Tax Increment District. He briefly addressed the Downtown Business District parking requirements and reviewed the goals and proposed uses and costs for the new district. Shafai explained that the proposed development will be an enhancement to the City and will increase sales tax revenue, employment opportunities, real estate taxes and building permit fees.

State Senator Stan Adelstein expressed his support for the proposed Tax Increment District.

Kessloff expressed his opinion that the City needs to ensure that the applicant follows due process and submits a new application for the Tax Increment District. He had further questions regarding bonding and collateral for the loan. Kessloff inquired as to the actual number of parking spaces that will be available and if parking lease agreements will be available to the public.

Brown advised that the applicant has submitted an application for the Tax Increment District and suggested that Mr. Kessloff submit, in writing, his other questions for further review.

Brewer moved to recommend approval of the creation of a Tax Increment District and a Project Plan for St. Joseph Street Parking using the 7% interest rate. The motion was seconded by Nordstrom and carried with Brown, Nordstrom, Brewer, Janak and Hillard voting yes and Petersen voting no.

There being no further business to come before the Committee, Hillard moved, Janak seconded and motion carried unanimously to adjourn the meeting at 7:28 a.m.