

**LAKE ELMO EDA MINUTES**  
**October 23, 2013**

**CITY OF LAKE ELMO**  
**ECONOMIC DEVELOPMENT AUTHORITY MINUTES**  
**October 23, 2013**

**I. CALL TO ORDER.**

Mayor Pearson called the meeting to order at 6:28 P.M.

**PRESENT: Mike Pearson, Wally Nelson, Dan Raleigh, John Schiltz, John Thompson, Steve Nelson**

Also Present: City Administrator Zuleger, Deputy Clerk Gumatz.

City Administrator Zuleger gave an update on the Old Village Comprehensive Plan which we anticipate will be passed by the Metropolitan Council on November 18<sup>th</sup>. Mr. Zuleger also discusses some issues with the airport regarding landing and safety zones.

**II. DEVELOPMENT UPDATE**

City Administrator Zuleger went over the various development that will soon be happening in the City and how many units each includes. Mr. Zuleger went over development coming to the I-94 corridor, the Village area, and in the north eastern part of the city. He also explained the corresponding spreadsheet.

Steve Nelson asked about absorption rates. Mr. Zuleger responded that we have asked developers what they think their absorption rates will be and most have given us pretty good estimates. When they don't have a solid estimate, we use 10 years.

There was brief discussion of the number of homes currently being built in the city this year and the number of lots that are currently available.

Mr. Zuleger presented the sewer map. He stated that the forcemain sewer which is colored white on the map is what is currently being put in the ground. This includes the sewer going in on Lake Elmo Avenue up to 30<sup>th</sup> street as well as the forcemain sewer going in on the southern part of Keats Ave and west. There will also be watermain coming down Inwood Ave hooking up the Section 34 area starting next year.

Steve Nelson asked about whether or not the new homes coming to the I-94 area will be on city water. City Administrator Zuleger answers that they will be.

Mr. Nelson also asked why the city is not putting in water lines along with the sewer lines currently going in on Lake Elmo Avenue. Mr. Zuleger explained that it is because we currently do not have the cash flow to pay for it.

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There was discussion of the City's bonding proposal and where area legislators stand on it. There was also some discussion of what might happen if the city's bonding proposal is not included in the legislature's bonding bill this year.

There was some discussion about SAC and WAC charges. John Thompson brought up that the SAC and WAC charges are used to help the city recoup money and pay back its sewer and water installation debts.

### **III. VILLAGE MIXED USE/TIF PROPOSAL**

City Administrator Zuleger gave a PowerPoint presentation on TIF and how a TIF district works. He explained that the City of Lake Elmo really has only one potential TIF district, and that is downtown area. It has been determined that the area has roughly a \$52 million tax base. The EDA is able to establish the downtown TIF district if it so chooses with the approval of the City, County and School District.

Council Member Nelson asked what the extra money made by the district would go to and if any of it would go back to the county? Mr. Zuleger answered that any extra money brought in over the \$52 million would all go to paying off the public improvements.

Steve Nelson asked if the tax base is established before the creation of the TIF district. City Administrator Zuleger said yes. He also explained how the city would like to establish the district. Mr. Nelson also asked if the EDA would be the one to issue the debt. Mr. Zuleger answered that yes, the EDA would be the issuer of debt with the city as the backer.

The "Pay Go" method of TIF is discussed.

Steve Nelson asked how the boundary of the proposed TIF district was decided. Mr. Zuleger discussed the criteria that were used to decide where the boundary should be. Mr. Nelson also asked if once the district is formed if the boundaries can be changed. Mr. Zuleger answers that yes.

Mayor Pearson asked John Thompson if, in his opinion, TIF districts do help with development. Mr. Thompson answered that yes, they do. He cited Osseo as an example of a successful area that has used TIF to develop. Mr. Thompson also stated reasons why he is in favor of TIF districts.

There was discussion about forming multiple TIF districts and why the first district is important. This is because if the first one is successful it will become easier for subsequent districts to be established. If the first district is not successful, it becomes tougher to justify establishing subsequent districts.

There was discussion of possible downtown TIF district. SAC and WAC charges were discussed as to whether or not they could be waived by the money brought in as a result of the TIF district. They

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would not be waived. However, the street assessment could be paid back through the TIF district if the "Pay Go" method was used.

Mayor Pearson asked about the downside of forming a TIF district. Mr. Zuleger responded that the big downside would be that the city is on the hook if the cash flow doesn't generate enough to pay back the investment made in the district.

#### **IV. REVIEW OF COUNCIL POLICY ON DEVELOPMENT INVESTMENT**

##### **-Moody's Rating**

Mr. Zuleger spoke about the city retaining its AA2 bond rating this year. He gave an overview of the trip to Moody's in Chicago with the Mayor and stated that Moody's was very impressed with their presentation.

#### **V. REVIEW DEVELOPMENT AGREEMENT/ESCROW AGREEMENT**

City Administrator Zuleger outlined the new policies for Development Agreements and Escrow Agreements that the city has recently developed and that the Council has approved. The EDA approved these documents.

The City of Lake Elmo Infrastructure Debt/Cost Recovery Policy for Participation in Private Development Agreement was introduced and explained. The EDA approved the document.

There was discussion about what the short-term goals of the EDA will be.

#### **VI. ADJOURN.**

Meeting adjourned at 8:31 P.M.

**LAKE ELMO ECONOMIC DEVELOPMENT AUTHORITY**

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Mike Pearson, President

ATTEST:

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John Schiltz, Secretary