

Zumbrota Economic Development Authority Agenda
7:00 A.M. Wednesday, May 20, 2020
Zumbrota City Hall, 175 West Avenue

- 1. Call Meeting to Order**
- 2. Amend/Adopt Agenda**
- 3. Approve Regular Meeting Minutes of Wednesday, March 18, 2020 and April 15, 2020**
- 4. Monthly Financial Report & Accounts Payable**
- 5. Public Hearings**
 - A.**
- 6. Visitors to the Board**
 - A. Rebecca Kurtz – Ehlers, Re: TIF**
- 7. Old Business**
 - A. Keller-Bartmann Properties, LLC renegotiations on TIF**
- 8. New Business**
 - A. Keller-Baartman Properties, LLC extension of purchase agreement**
- 9. Reports**
 - A. Community Garden Lease**
 - B. COVID-19**
- 10. Adjourn**

Please contact City Hall at 732-7318 if you are unable to attend.

Zumbrota Economic Development Authority Minutes
7:00 A.M. Wednesday, May 20, 2020
Zumbrota City Hall, 175 West Avenue

PRESENT: Richard Meyerhofer, Dave Starr, Sara Durhman, Tina Hostager, Brian Haugen, Bill Eberhardt, and Lindsey Raasch. Also present: Finance Clerk Miranda Raasch, Community Development Director Ryan Soukup.

NOT PRESENT:

1. **Call Meeting to Order** – at 7:00 AM by Richard Meyerhofer.
2. **Amend/Adopt Agenda –Motion** Eberhart, second Hostager. Approved 6-0-1 (Raasch absent at the time of the motion.)
3. **Approve Regular Meeting Minutes of Wednesday, March 18, 2020 and April 15, 2020 – Motion** Eberhart, second Haugen to approve the minutes from Wednesday March 18, 2020. Carried unanimously. **Motion** Haugen, second Hostager to approve the minutes from Wednesday April 15, 2020. Approved 6-0-1 (Eberhart abstained.)
4. **Monthly Financial Report & Accounts Payable – Motion** Starr, second Raasch approve Monthly Financial Report and Accounts Payable. Carried unanimously.
5. **Public Hearings**
A.
6. **Visitors to the Board**
A. **Rebecca Kurtz – Ehlers, RE: TIF** – Rebecca Kurtz of Ehlers was in attendance at the request of the EDA to discuss and advise the EDA in the matter of the requested TIF for the proposed apartment development by Keller-Baartman Properties, LLC. Hostager requested a meeting with Mr. Baartman, Ryan Soukup, Rebecca Kurtz, Bill Eberhart, Brian Haugen, and Tina Hostager to discuss this further.

7. Old Business

A. Keller-Baartman Properties, LLC renegotiations of TIF terms

- Keller-Baartman Properties, LLC is requesting a renegotiation of TIF terms. The developers are requesting \$3,695,920 (at no interest), with 5% for city admin costs/95% to developer, for a full 26-year term. They are also requesting SAC/WAC fees, building permit fees, and apron/sidewalk/alley blacktop \$198,700 waived. In exchange, they will develop a 66,000 sq ft, 4-floor apartment facility, creating 105 temporary construction jobs and 1 full-time, and 2 part-time positions. (Please see attached for application.) Per the request of the EDA, different TIF scenarios were run with those scenarios highlighted that would be generally recommended. (Please see below for chart showing scenarios.) Typically, we are not seeing apartment projects need the full 26 years of increment and thus do not see the need for the City to incur expenses related to waiving fees or installing infrastructure. However, every project is different. One way to confirm the needed amount of assistance is to have a proforma review completed. Assuming a proforma analysis is not completed, one of the highlighted options is recommended. One of the highlighted scenarios has the developer pay for the expenses related to land sale, SAC/WAC, building permits, and sidewalks, and provides additional TIF. The second scenario assumes the City pays for the expenses and retains a portion of the TIF to reimburse itself. **Motion** Meyerhofer, second Hostager to extend the purchase agreement with Keller-Baartman Properties, LLC for an additional 3 months. Carried unanimously.

		Tax Increment Financing						
	City Administration	Interest Rate / Present Value Rate	Annual Retained by City (Admin)	Annual Retained by City (Land, SAC/WAC, Permit, Walks)	Total Retained by City (Present Value)	Annual TIF Available for Project	Total TIF over 26 year term for Project	Present Value for Project
Assumes Developer pays for land, fees and walks	5%	0%	5,701		148,225	108,318	2,816,279	2,816,279
	5%	3%	5,701		100,901	108,318	2,816,279	1,917,115
	10%	5%	11,402		160,868	102,617	2,668,053	1,447,811
Assumes City pays for land, fees and walks and is reimbursed with TIF	5%	0%	5,701	11,972	459,498	96,346	2,505,006	2,505,006
	5%	3%	5,701	17,673	413,693	90,645	2,356,780	1,604,323
	10%	5%	11,402	21,094	458,473	81,524	2,119,620	1,150,205
Notes:								
1. Cashflow assumes Pay 2020 base market value of \$108,000 for parcel number 72.100.0090, per County website.								
2. Cashflow assumes completed market value of \$7,560,000.								
3. Cashflow assumes City costs for land acquisition (\$108,000) and SAC / WAC, building permit, apron and sidewalk (\$198,700) for total cost of \$306,700.								
4. Cashflow assumes a housing TIF district with a maximum term of 26 years of increment. The term of the district may be shorter based on the amount of assistance provided and the need.								
5. Tax increment and abatement will vary significantly from year to year depending on market values, tax rates, State law, and other factors which cannot be predicted.								

8. New Business

A. Keller – Baartman Properties, LLC extension of purchase agreement - The prior purchase agreement was set for 6 months. This agreement removed the property from being actively available for other developers to pursue. This agreement is approaching expiration for June 1st. City staff recommends a motion to extend the purchase agreement for another 6 months until financial assistance, land sale, and development agreement can be determined.

9. Unfinished Business

A.

10. Reports

A. Community Garden Lease - At the City Council meeting on May 7th, the Mr. Gary Harbo approached the Council to establish a community garden on the City-owned lot on West 4th St. After feedback from EDA members and immediate neighbors was obtained, the City Council approved the proposal for Mr. Harbo to establish a community garden provided a lease detailed the uses or other limited conditions was agreed upon. Please see below for the current draft of the lease (pending feedback from DNR/FEMA

prior to agreement). As part of Mr. Harbo's planned use of the garden includes providing food for the local food shelf, youth programming, and any proceeds from sales at farmers markets going to fund a mural.

- B. Covid-19** – Governor Walz's executive order requiring stay-at-home will expire at midnight on Sunday, May 17th, allowing most business to reopen pending certain guidance. Bars, restaurants, gyms, and salons will still remain closed until June 1st. Based on the State's modeling, the stay-at-home and social distancing measures only push out the peak of infections and hospitalizations. Yet this allows facilities to prepare for the expected influx of cases after reopening. As part of the new executive order, businesses are required to develop and post plans on how they will ensure health and safety of staff and customers amongst other requirements. On 15 May, Goodhue County hosted a webinar to educate local businesses on how to safely reopen. Key to allowing the local economy to reopen and grow will be capitalizing on current "shop local" messaging; local businesses utilizing internet-based capabilities (social media, etc.); ensuring businesses develop health/safety plans and adhering to them, thus growing confidence in staff and customers that the business will not jeopardize their health; and maintaining safety precautions already advised – hand washing, social distancing, wearing masks, etc.
- 11. Adjourn** – There being no further business, Meyerhofer adjourned the meeting at 8:06 AM.