

ECONOMIC DEVELOPMENT AUTHORITY

City of Apple Valley

Dakota County, Minnesota

February 3, 2011

Minutes of the special meeting of the Economic Development Authority of Apple Valley, Dakota County, Minnesota, held February 3, 2011, at 4:30 o'clock p.m., at the Apple Valley Municipal Center.

PRESENT: President Severson; Commissioners Bergman, Goodwin, Grendahl, Hamann-Roland, and Hooppaw.

ABSENT: None.

Staff members present were: Executive Director Lawell, Secretary Gackstetter, City Attorney Dougherty, Public Works Director Blomstrom, Associate City Planner Bodmer, Associate City Planner Dykes, Finance Director Hedberg, City Planner Lovelace, and Community Development Director Nordquist.

President Severson called the meeting to order at 4:34 p.m.

APPROVAL OF AGENDA

MOTION: of Goodwin, seconded by Hamann-Roland, approving the agenda for today's meeting as presented. Ayes - 6, Nays - 0.

APPOINTMENT OF OFFICERS

MOTION: of Hamann-Roland, seconded by Bergman, adopting **Resolution No. EDA-11-1** appointing 2010 officers of the Economic Development Authority as: President - Severson, Vice-President - Goodwin, Secretary - Gackstetter, Treasurer - Hooppaw, and Assistant Treasurer - Gackstetter. Ayes - 6, Nays - 0.

MINUTES

MOTION: of Grendahl, seconded by Goodwin, approving the minutes of the special meeting of November 4, 2010, as written. Ayes - 6, Nays - 0.

MSP REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIP

Ms. Kathy Schmidlkofer, Regional Economic Development Partnership Transition Director, presented information on the Itasca Project and the Minneapolis-St. Paul Regional Economic Development Partnership (REDP). She noted the success of the REDP will rely upon strong governance, a robust investor base, and good working relationships with other area economic development organizations. The number of investors is unlimited. There will be 40 to 50 members on the Board of Directors, 12 members on the executive committee, and an executive director. She said the private sector would be responsible for employee salaries. She added that this is the largest metro area in the United States without a regional economic development effort.

The Board discussed participation in the Minneapolis-St. Paul Regional Economic Development

Partnership.

MOTION: of Hamann-Roland, seconded by Bergman, adopting **Resolution No. EDA-11-2** authorizing participation in the Minneapolis-St. Paul Regional Economic Development Partnership. Ayes - 5, Nays - 0, Abstain - 1 (Grendahl).

PRELIMINARY DEVELOPMENT AGREEMENT WITH SIGNET

Ms. Dykes said at the last EDA meeting the Board asked for additional information regarding the Nichols-Pint development proposal. She said the rental market study is included in the packet and Mr. Fifield is present to speak about the financial due diligence. The City Attorney has prepared a Preliminary Development Agreement that will allow the City, its consultants, and Mr. Nichols to continue to work together on the development proposal. The agreement requires Mr. Nichols to submit a deposit to pay for consultants' fees in conjunction with the development and in turn, the City agrees not to entertain any other proposals from other developers for the property for a period of eight months. The agreement does not bind the City to provide financial support for the project nor does it bind Mr. Nichols to develop the site.

Mr. Rusty Fifield, of Northland Securities, reviewed his findings relative to the project. He noted there is an estimated \$4.2 million gap. The gap is even greater when the assessments and interest is applied.

President Severson left the meeting at 6:05 p.m.

Mr. Fifield reviewed his conclusions. He pointed out the gap cannot be eliminated with the resources available.

President Severson returned to the meeting at 6:09 p.m.

Commissioner Hamann-Roland questioned whether it was possible to eliminate the gap.

Commissioner Hamann-Roland left the meeting at 6:10 p.m.

Commissioner Grendahl left the meeting at 6:11 p.m.

Mr. Fifield said they can continue to look at options, but added the challenges will only become more difficult in the future.

Commissioners Hamann-Roland and Grendahl returned to the meeting at 6:12 p.m.

The Board held discussion.

Mr. Nordquist reviewed the next steps.

The Board, staff, and the City Attorney discussed the need for the Preliminary Development Agreement and the number of months it should extend exclusive rights.

Mr. Tim Nichols, of Signet Development, described the challenges he is up against and what he hopes to accomplish.

Mr. Steven Meyer, of Oppenheimer Wolff & Donnelly, LLP, representing the Presidium Asset Solutions, expressed concern with the exclusive rights granted in the Preliminary Development Agreement.

Discussion regarding the Preliminary Development Agreement continued.

Commissioner Grendahl left the meeting at 6:45 p.m.

Mr. Nichols said he has a good reputation and he would like to continue to work with the City's financial consultant to find a solution.

Commissioner Grendahl returned to the meeting at 6:58 p.m.

Mr. Meyer indicated exclusive rights for a period of four months would likely be agreeable to those he represents.

MOTION: of Hamann-Roland, seconded by Hooppaw, amending the Preliminary Development Agreement, paragraph 2, "Undertaking and Exclusive Rights" by substituting four (4) months in lieu of eight (8) months; approving the Agreement with Timothy F. Nichols d/b/a Signet Development, LLC, as amended; and directing City staff and consultants to cease working on the Enclave at Central Villages Project, until such time as the developer and lender have met and the Agreement has been completed, signed, and delivered and the money deposited with the Economic Development Authority. Ayes - 4, Nays - 1 (Grendahl), Abstain - 1 (Severson).

MODIFICATION OF TAX INCREMENT FINANCIAL PLANS

Mr. Hedberg presented the staff report on the modifications of the tax increment financial plans for Tax Increment Financing (TIF) Districts 1, 7, and 13.

Commissioner Grendahl expressed concern regarding spending commitments.

Mr. Hedberg explained that the modifications to the TIF Districts do not commit expenditures.

MOTION: of Hamann-Roland, seconded by Goodwin, adopting **Resolution No. EDA-11-3** approving the modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 1, **Resolution No. EDA-11-4** approving the modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 7, and **Resolution No. EDA-11-5** approving the modification of the Tax Increment Financing Plan for Tax Increment Financing District No. 13. Ayes

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- 5, Nays - 1 (Grendahl).

Commissioner Grendahl left the meeting at 7:00 p.m.

ECONOMIC DEVELOPMENT MARKETING MATERIALS

Ms. Dykes distributed to the Board the Planning Department's newest marketing folder.

MOTION: of Hamann-Roland, seconded by Bergman, to adjourn. Ayes - 5, Nays - 0.

The meeting was adjourned at 7:08 o'clock p.m.

Respectfully Submitted,

/s/ Pamela J. Gackstetter _____
Pamela J. Gackstetter, Secretary

Approved by the Apple Valley Economic Development Authority on 6-23-11.