



City of Northfield

City Hall
801 Washington Street
Northfield, MN 55057
ci.northfield.mn.us

Meeting Minutes - Final Economic Development Authority

Thursday, August 22, 2019

7:30 AM

Council Chambers

Rollcall

Also present: Comm. Dev. Director Mitzi Baker, Econ. Dev. Coordinator Nate Carlson, Comm. Dev. Specialist Mikayla Schmidt, Project Coordinator Beth Kallestad, Nick Anhut, Brett Reese, Scott Koester, Chris Whillock, Lisa Peterson, Greg Siems and Sonja Ziemann.

Present: 6 - Britt Ackerman, Andrew Ehrmann, Rachel Leatham, Jessica Peterson White, Rhonda Pownell and Mike Strobel

Absent: 1 - Enoch Blazis

Call to Order and Approval of Agenda

President Ehrmann called the meeting to order at 7:33AM.

Approval of Minutes

1. [19-1048](#) EDA Meeting Minutes

Attachments: [1 - 07-18-2019 EDA Meeting Minutes](#)

A motion was made by Strobel, seconded by Pownell, to approve the 07-18-2019 EDA minutes. The motion carried by the following vote:

Yes: 7 - Ackerman, Ehrmann, Blazis, Leatham, Peterson White, Pownell and Strobel

Finances

2. [19-1049](#) July 2019 EDA Financials

Attachments: [1 - July EDA Finances 2019](#)
[2 - July EDA Loan Report 2019](#)

No action was taken, the board members reviewed the financials.

Presentations

3. [19-1050](#) Update on Climate Action Plan

Attachments: [1 - EDA Presentation 082219](#)

Kallestad reviewed the Climate Action Plan, outlined the expected timeline to see a draft plan and asked for the board members comments when the plan is available. She noted the general public will be asked for comment as well.

Discussion was held on:

- how the EDA can help and/or incentivize energy efficiency*
- the Energy Design Assistance program through Excel Energy*
- the PACE program through Rice County*
- adding these resources to the EDA web site*
- how to communicate early to businesses the resources available*
- how challenging alternative energy can be to make fiscally possible for businesses*

4. [19-1051](#) Northfield Enterprise Center Presentation - Introduction of Contract Negotiations

Attachments: [1 - NEC Proposal presentation](#)
[2 - NEC Services Contract - 2018](#)

Whillock reviewed the general concept of the Northfield Enterprise Center (NEC) and the services they offer.

Discussion was held on:

- overcoming language barriers, increasing knowledge and trust throughout different ethnic groups*
- if this is the right contract size for this organization*
- having certain services of the NEC be paid for by the clients*
- potentially creating a \$500 grant for new businesses funded by private investors within the community*
- how to incorporate retired business owners who want to contribute to local businesses*
- connecting the NEC with City contracted Language Line services*
- connecting Strong & Starlike's work into next year as programming is developed*
- how the three year contract can be discussed at any time*
- cost of living increases for contracts like these*

New Business Items

5. [19-1052](#) Review of Subsidy Request by Rebound Real Estate, LLC.

Attachments: [1 - Subsidy Application](#)
[2 - Developer Subsidy memo 08-19-19](#)
[3 - Developer subsidy memo 08-02-19](#)
[4 - Developer subsidy memo 07-29-19](#)
[5 - Ehlers Subsidy Review Memo](#)
[6 - EDA Memo from Enoch Blazis](#)
[7 - Loan Committee minutes 8-14-19](#)

Carlson introduced the 5th Street Loft project. Baker and Carlson presented a PowerPoint on the proposal from Stencil and Rebound with the Tax Increment Financing (TIF) and Business Subsidy requests.

City Financial Advisor, Nick Anhut reviewed his financial analyzes of the project and described how the TIF program works and how the projects meets the TIF requirements. They have compared this project to other projects across the metro and greater Minnesota and found that the project will need assistance to provide additional capacity to meet some return thresholds in the future.

The Developer requested a \$250,000 loan from the EDA, land contribution from the EDA valued at \$212,000 and a Redevelopment TIF district pay-as-you-go for 25 years from the City Council. Anhut advised that EDA and City incentives would be tied to recourse provisions should the project not materialize as well as requesting the developer to defer part of their developer fee.

Ackerman noted her concerns and exited the meeting at 8:31am.

Peterson White requested further information from Loan Subcommittee members and wanted to understand what provisions would be in place should the project over perform.

Strobel noted favorable interest rates are available. However, investors are no longer receiving returns of 10% in today's economy. Strobel questioned the developer as to the timing of the project.

Leatham noted the benefit of getting more people to the downtown with this project and the positive signal to other developers for potential development.

Pownell requested staff to explain why the TIF needs to capture the Washington Street parking lot.

6. [EDA Res. 2019-005](#) **Resolution of Support for TIF Request by Developer**

Attachments: [1 - EDA Resolution](#)

Reese thanked the EDA for the approval and thanked staff for a good working relationship.

A motion was made by Strobel, seconded by Peterson White, to approve EDA Resolution 2019-005 approving support of Tax Increment Financing to Rebound Real Estate, LLC for new construction of a 79 unit urban residential redevelopment in the downtown district of the City of Northfield. The motion carried by the following vote:

Yes: 5 - Ehrmann, Leatham, Peterson White, Pownell and Strobel

7. [EDA M2019-028](#) **EDA Loan and Land request by Developer**

President Ehrmann noted it would be nice to see the project work in energy efficiency. The developer noted they will be looking at energy efficiency and have integrated Property Assessed Clean Energy (PACE) financing with a different project.

Strobel exited the meeting at 9:16am.

A motion was made by Peterson White, seconded by Leatham, to approve authorize staff to draft loan documents per the recommended terms and draft purchase agreement documents related to the contribution of land for the redevelopment project. The motion carried by the following vote:

Yes: 5 - Ehrmann, Leatham, Peterson White, Pownell and Strobel

Reports and Discussion Items

8. [19-1053](#) Update from Socio-Economic Committee - Strong & Starlike Consultant work

Attachments: [1 - Project Kickoff Meeting Summary 6.11.19](#)

[2 - Staff Meeting Summary 6.26.19](#)

[3 - Staff Meeting Summary 7.10.19](#)

[4 - Project Methodology and Update](#)

Carlson noted Strong & Starlike is very invested and engaged in their work. The consultant wants to create good outcomes for the EDA and the community.

- a) Commissioner Comments and Reports
- b) Staff Updates and Reports
- c) Comments from the Chair

Pownell noted it would be beneficial for EDA members to attend the City Council meeting on October 1st when the 5th Street Loft TIF is on the agenda.

9. [19-1054](#) EDA Future Meeting Schedule

Attachments: [1 - Future Meeting Schedule 8-22-19](#)

Carlson noted there may not be a work session this fall. Peterson White noted another option could be to plan for longer meetings on the regularly scheduled dates.

Adjournment

A motion was made by Peterson White, seconded by Leatham, to adjourn the meeting at 9:29AM. The motion carried by the following vote:

Yes: 6 - Ackerman, Ehrmann, Leatham, Peterson White, Pownell and Strobel