

ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES
JANUARY 9, 2007

The meeting was called to order at 7:00 a.m. by acting Vice President Sorenson.

Members Present: Feterl, Noack, Rosenfeld, Sorenson, Councilmember Vrklan

Members Absent: Lundstrom, Councilmember Borchert

Also Present: Director Krueger, Asst. Director Schultz, Mayor Kreft

Motion by Vrklan, seconded by Feterl, and carried (Noack abstained) to appoint Mike Noack as President of the EDA for one year.

Motion by Vrklan, seconded by Rosenfeld, and carried (Sorenson abstained) to appoint Larry Sorenson as Vice President of the EDA for one year.

Motion by Rosenfeld, seconded by Sorenson, and carried (Rosenfeld abstained) to appoint Trisha Rosenfeld as Treasurer of the EDA for one year.

Director Krueger stated that the position of Secretary/Assistant Treasurer does not have to be a member of the Board and was therefore recommending Vicki Pomplun, the City's Administrative Assistant, as she currently types the minutes for all City meetings.

Motion Sorenson, seconded by Vrklan, and passed by unanimous vote to appoint Vicki Pomplun as Secretary/Assistant Treasurer of the EDA for one year.

Motion by Sorenson, seconded by Rosenfeld, and passed by unanimous vote to approve the minutes from the December 12, 2006 meeting as presented.

Motion by Vrklan, seconded by Sorenson, and passed by unanimous vote to approve the Financial Report for December as presented. Director Krueger gave a brief update on the situation with G.E.I.S. The City of Arlington and other creditors are concerned that payments have ceased even though the judge has allowed G.E.I.S. to sell some hard assets; and due to this concern, have asked for a conference call with the Bankruptcy Court Judge in charge of this matter.

The Board reviewed the 2006 goals to see what had been accomplished or needed to be brought forward and addressed in 2007. Schultz suggested including ideas from the Strategic Planning Session such as the Comprehensive Land Use Plan, collaboration-resources, schools, trails, Chamber, etc. Sorenson suggested resolving the G.E.I.S. issue and making the Technical Services expansion project the top priority for the year. Schultz commented that housing and the Industrial Park should also be included. Noack commented that he was happy to see Main Street was filling up with new businesses. Krueger commented that the EDA should be prepared to discuss TIF for the Hennen Development. Noack suggested keeping in touch with the businesses (Seneca, Cemstone, Elevator, etc.) to make sure their needs are being met. Krueger added that marketing needs to be done per the Housing Study (draw new Developers to the area). Schultz commented that he feels the revitalization of downtown area is crucial with or without the help from the Small Cities Development Grant. Krueger commented that he would like to continue pursuing a hotel and feels that a Comprehensive City Plan needs to be

done. Feterl commented that he would like see the City pursue a golf course, at least as a long term goal.

Discussion was held on putting a Housing Study RFP together. It was suggested to start prioritizing the concepts within the Housing Study at the next meeting before hiring an outside company to come in. Krueger commented that the City Staff/EDA can only do so much of what was recommended within the housing study and will need help from groups like the Southwest Minnesota Housing Partnership because there are so many different types of housing options available (low income, affordable, subsidized, which some are more complex than others). Noack tabled the RPF discussion until the next regular meeting; everyone should be prepared to start prioritizing items from the housing study.

Schultz gave an update on the Technical Services expansion project. He has tried setting up a few meetings with Lyle Fahning, but they have been pushed off. Vos Construction is anxious to meet with TSE to present some proposals that they have put together.

Discussion was held on the proposal from St. Cloud Wireless Holdings to construct a cell tower within city limits. Krueger explained that this company had proposed putting up a tower in the southwest corner of town along Hwy 5. The Planning & Zoning Board declined the request due to zoning reasons. The company was now looking at the EDA's property in the northwest corner (just north of the fairgrounds, pit area). Krueger explained that this company would be interested in leasing the land from the EDA and gave the proposed details. Krueger expressed his thoughts that the land would no longer be available for development. He felt that there were better more suitable areas in town such as directly on fairground property, the industrial park or near the wastewater treatment facility. Noack agreed that the EDA property was not the best location. No action was taken as this property would have to be rezoned before the tower could be constructed on it, which the EDA does not want to do.

Brief discussion was held on the monthly meeting date. It was agreed to leave it on the 2nd Tuesday of each month at 7:00 am. The next meeting was scheduled for Tuesday, February 13, 2007 at 7:00 a.m. at the Technology Conference Center.

Discussion was held on the Small Cities Development Program. Krueger explained that in the past the EDA was willing to commit \$30,000 to this project. He stated that it had been talked about, but never approved to suspend 1 lot loan for this purpose. He stated that discussion has been held in the past about the possibility of dissolving the Lot Acquisition program all together.

Motion by Vrklan, seconded by Feterl, and passed by unanimous vote to issue a letter of commitment in the amount of \$30,000 to accompany the Small Cities Development Grant application.

The EDA Board reviewed amendments to the Lot Acquisition Assistance Program Policy.

Motion by Rosenfeld, seconded by Vrklan, and passed by unanimous vote accept and recommend to the City Council to approve the amendments to the Lot Acquisition Assistance Program Policy as follows:

LOT ACQUISITION ASSISTANCE PROGRAM POLICY

The Arlington Economic Development Authority hereby adopts the following policy:

GOALS:

1. The City of Arlington desires to promote Arlington as a great place to live and a safe place to raise a family.
2. The City wishes to help stimulate new housing starts. Lot pricing must be based on the realistic value of the property and be competitive in the Arlington market.
3. The lot acquisition assistance program will be limited in scope. A limited number of lots will be assisted and the terms of assistance will require security and repayment provisions.

RULES:

1. The City Council has authorized allocation of a maximum of \$120,000.00 to the EDA to fund the lot acquisition program. A maximum of \$30,000.00 shall be allocated to the purchase of any lot.
2. The EDA retains, in its sole discretion, the power to decide which lots, if any, shall benefit from this lot acquisition program. The EDA also absolutely retains the authority to change this policy from time to time, to best meet the needs of the City of Arlington. The EDA shall also change this policy from time to time in order to adjust to the directives and funding allocations of the City Council toward this project.
3. The goal of this program is to stimulate development of housing that might not otherwise be built. Therefore, no lot acquisition shall be funded from this program upon which a “made to order” house is being constructed for a designated advance purchaser. Lots will be acquired under this program only for the purpose of constructing affordable, entry level housing or “model” or “spec” (speculation) homes built to attract primarily first-time home purchasers and/or new residents to the community.
4. Lots will be acquired under this program only for the construction of residential structures intended for resale to owner-occupants. This program shall not fund any lot purchases intended for commercial use or residential rental units. In the discretion of the EDA, this program may be used to acquire lots for the construction of “twinhome” units, defined as two single family residences, sharing a common wall and built on one lot.
5. It is the intent of the EDA to stimulate construction of good quality homes that enhance the attractiveness of the community and promote the stability of property values. Therefore, lots shall be acquired under this program only for the construction of new dwelling units fully constructed on the site with new materials. No manufactured or mobile homes, trailer homes, basement homes or temporary structures of any kind shall be constructed on any lot acquired under this program. Modular homes, being defined as homes constructed at least partially with components put together off-site, may be allowed in the discretion of the EDA, if said homes in the reasonable opinion of the EDA will equal the quality of construction and appearance of homes built entirely on-site, and reasonably conform to the appearance of other homes in the same neighborhood.
6. It is the intent of this program to stimulate the immediate construction of new residences. It is not the intention of this program to stockpile lots for future development. Therefore, lots will be funded only with the commitment of the developer to complete construction of a residence on a lot as soon as weather permits after acquisition of the lot, but no later than 365 days after the

developer has taken title to the lot, as further set out in paragraph 9 below.

7. The EDA shall not be directly involved in the negotiation of price or the purchase of any lot. However, the EDA reserves the right, in its own discretion, to provide or withhold funding for the purchase of any lot based on the EDA's determination of the needs of the city, the appropriateness of the planned construction both as to design and pricing, and the appropriateness of the price of the lot. The appropriateness of the price shall be determined by the EDA by review of the estimated market value of the lot as set by the County Assessor, the historic asking price of the lot owner, the presence and cost of street, curb and gutter, and utility improvements, and any other factors the EDA deem relevant. The EDA may fund part or all of the cost of acquisition of a lot, up to the \$30,000.00 maximum funding limit per lot. If the EDA approves the use of this program to acquire a lot for the construction of twinhomes, as defined in paragraph 4 above, the same maximum funding of \$30,000.00 for the lot shall apply.
8. Funding provided under this program shall be subject to full repayment upon the resale of the lot following completion of construction, or two years after the funds have been advanced, whichever happens first. **In the case of any twinhomes lot, full repayment of the loan must be made when the first of the two residential units on the lot is resold.** Repayment shall be secured by a properly recorded real estate mortgage. Said mortgage shall be secondary to any mortgage for construction financing obtained by the developer for the project. Unless subject to the terms of paragraph 9 below, said loan shall not accrue interest if promptly paid under the term of this paragraph 8. If the borrower defaults under the repayment terms set out under this policy and/or the real estate mortgage and note securing the loan, interest shall accrue on the loan on and after the date of default at a rate established by the EDA and borrower in the loan note.
9. As an exception to the terms set out in paragraph 8 above, if the developer does not complete construction within 365 days after the lot is purchased, the EDA may, in its discretion, require that interest be paid on the lot purchase loan at a rate specified in the note, said interest to begin to accrue as of the date of the lot purchase. As an alternative, the EDA may, in its discretion, call the entire note due and payable, including accrued interest, at any time after the required construction completion date has passed, if construction has not been completed by said date. While the application of the interest charge or early payout option will be in the sole discretion of the EDA, it is contemplated that the EDA will take into consideration unavoidable construction delay factors such as severe weather, labor or material shortages, accident or illness, which may have contributed to the construction delay. The 365 day construction completion deadline set out in this paragraph shall be the 365th day after the developer's title deed to the lot has been recorded at the Sibley County Recorder's office.
10. This program may be used only for bare lots. Infrastructure, meaning street, curb and gutter and utility lines may be placed on a lot prior to application for a loan under this program. **However, any other improvement of the lot, including land clearing, earth-moving, excavation, or construction of any kind, shall make the lot ineligible for this program.**
11. Any developer who wishes to apply for funding under this program must submit a written request to the EDA with as much advance notice as possible, **but no less than a minimum of 30 days prior to acquisition of the lot.** Such requests shall include the following information:
 - a. The applicant's name, address, phone number, business description, tax ID number.

- b. Disclosure if the builder/contractor owns any other lots in the City.
- c. The current estimated market value of the lot as set by the County Assessor.
- d. The sales price asked by the current lot owner and the amount of assistance being requested from the City.
- e. The legal description of the lot and total area.
- f. All current restrictive covenants against the lot.
- g. A copy of the construction plans for the new dwelling. The dwelling style shall be consistent and in harmony with other dwellings in the neighborhood.
- h. The projected resale price for the completed dwelling.
- i. **The applicant's current balance sheet.**
- j. **The applicant's profit and loss statement for the previous three fiscal years, or in the alternative, the applicant's income tax returns for the previous three tax years.**

This policy has been approved by the EDA at its regularly scheduled meeting on _____, 20____.

President

Secretary-Assistant Treasurer

Schultz commented that they would like to keep in contact with the local businesses to see what their needs are and if the EDA could help them in any way. Krueger commented that scheduling meetings (lunch or other) with the businesses will also provide other opportunities to come forward, such as connecting the businesses with outside agencies (Region Nine, Southwest Minnesota Housing Development, etc.). Schultz and Krueger asked the EDA's permission to use EDA funds to cover the costs (lunch, doughnuts, etc.). It was the consensus to try a few meetings to see how things go.

Vrklan questioned if the informational meetings that had been put on jointly by the EDA and Chamber were still being held for the local businesses. Krueger commented that there was no real participation from the businesses. Kreft stated that it dissolved due to the fact it really never was decided who should be doing what as far as the EDA and Chamber to continue holding the meetings.

Vrklan thanked outgoing EDA President, now Mayor Kreft for all his work on the EDA and getting the group back on track.

Motion by Vrklan, seconded by Rosenfeld, and passed by unanimous vote to adjourn the meeting at 8:06 a.m.

Director David L. Krueger

President Mike Noack