

ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING MINUTES
MAY 1, 2007

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

Members Present: Vice President Sorenson, Feterl, Lundstrom, Rosenfeld, Councilmember Vrklan

Members Absent: Councilmember Borchert, Noack

Also Present: Asst. Director Schultz, Mayor Kreft, Shannon Sweeney, Larry & Laura Kicker

Shannon Sweeney of David Drown Associates talked about tax increment financing (TIF) and tax abatement. He explained the differences between them and how each could be utilized for the proposed Golden Hearts expansion project (*see attached letter*). It was noted that the abatement takes less time and is less expensive to implement; there is no district or need to revise an existing district, and it is a little easier to monitor (administratively). He answered various questions.

Sweeney asked Kicker for more information about the project, such as occupancy, private pay, income limitations, etc. Kicker gave a review of what Golden Hearts started out with and what the expansion project would include (7 more rooms, a sitting room and a sun room). She stated that the current policy is to allow both private pay and non-private pay tenants and does not plan to change this policy, as it does not affect profitability. She stated that she does have a waiting list and has been doing some advertising for the facility. She added that Golden Hearts has been full, for the most part, since it opened and anticipates having no problems filling the additional rooms. Kicker commented that as far as being competitive she feels her facility is. She believes her facility is less expensive and does not charge for additional services like other facilities do, plus there are different levels of assisted living facilities (types of care offered). She was hopeful to have the expansion completed by October of this year. She talked about the current working staff, which includes a registered nurse and 2 LPN's and what additional staffing would be needed over time (once full occupancy was achieved).

Discussion was held on what the City would be willing to offer TIF or abatement. Kicker stated that she would like TIF (more money) but the time restraint was the problem; she really wants to move forward with the project as soon as possible. Sweeney reviewed the process involved to implement TIF. Sorenson commented that he felt more comfortable issuing abatement over 15 years versus TIF for 10 years due to the time issue. Feterl expressed concern about the term length for either TIF or abatement and questioned if either were transferable. Sweeney said that it all depends on how the development agreement is written, which is up to the City's discretion. Sorenson talked about the financial projections for the expansion project (profitability) and also on the existing facility.

Councilmember Vrklan introduced the following resolution and moved for its adoption:

RESOLUTION NO. EDA-2007-1

RESOLUTION RECOMMENDING THE PROVISION OF TAX ABATEMENT ASSISTANCE FOR
THE GOLDEN HEARTS EXPANSION PROJECT

WHEREAS, Laura and Larry Kicker have submitted a request for a public subsidy in order to assist in the financial feasibility of the construction of a 7-unit expansion to their existing Golden Hearts residential assisted living facility; and

WHEREAS, Mr. and Mrs. Kicker have indicated that City tax abatement assistance would assist Golden Hearts in competing with other property tax-exempt opportunities that are available within the community; and

WHEREAS, Mr. and Mrs. Kicker have indicated that the expansion project will lead to 4 or 5 additional full-time employees; and

WHEREAS, M.S. 469.1813 indicates that a municipality may provide tax abatement assistance to those projects that: (1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement; and (2) it finds that doing so is in the public interest because it will: (i) increase or preserve tax base; (ii) provide employment opportunities in the political subdivision; (v) help provide access to services for residents of the political subdivision.

NOW THEREFORE BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ARLINGTON, SIBLEY COUNTY, MINNESOTA, THAT: It recommends to the City Council that:

1. Tax Abatement Assistance be provided for a period of up to 15 years for the Golden Hearts expansion project; and
2. Said assistance be based on the abatement of the City portion of the property tax increase that results from the expansion; and
3. The abatement assistance is transferable only on the sale or transfer of Golden Hearts Assisted Living to immediate family members and only after review and written consent of the EDA and the City. The abatement assistance is not transferable to a 3rd party purchaser without prior review and written consent of the EDA and the City, and that the EDA or the City will not unreasonably withhold this consent; and
4. This assistance is subject to terms established within a development agreement that would be adopted following the public hearing process required by M.S. 429.1812 through 469.1815 prior to the implementation of a property tax abatement; and
5. That Golden Hearts pay all administrative and consulting costs associated with implementing the abatement assistance.

The motion for the adoption of the foregoing resolution was duly seconded by Rosenfeld and upon poll being taken thereon the following voted in favor thereof: Feterl, Lundstrom, Rosenfeld, Councilmember Vrklan; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: Noack and Councilmember Borchert.

Adopted by the Economic Development Authority of the City of Arlington this 1st day of May, 2007.

/s/ Larry Sorenson
Vice-President Larry Sorenson

ATTEST:

/s/ Vicki L. Pomplun
Secretary Vicki L. Pomplun

Vice President Sorenson adjourned the meeting.

Director Dennis P. Schultz

Vice President Larry Sorenson