

JORDAN ECONOMIC DEVELOPMENT AUTHORITY

MINUTES

March 16, 2004

1. **Roll Call:** The Jordan, MN, Economic Development Authority was called to order by President Jeremy Goebel at 7:05 p.m. at Jordan City Hall on March 16, 2004. Present: Commissioners Jeremy Goebel, Ron Jabs, John Mulcahy, Ray Sandey, Howard Senske, Greg Sticha, and Dave Wolf
Absent: None
Also present: City Administrator Linda Waite Smith; City Planner Joe Janish; Paul Steinman of Springsted
2. **Approve Minutes of Previous Meeting:** The January 20 minutes were approved as written.
3. **Management Report:** Linda reported on:
 - a. March 15 meeting with MnDOT to present City options for TH 169 interchange
 - b. February meeting with representatives of the Downtown Lakeville Business Association
 - c. Efforts to have an art festival in downtown Jordan on June 26, along with the Chamber bicycle race and Jaycees' Pork in the Park
4. **Consent Agenda Items:** There were no consent items presented for approval.
5. **All Other Items:**
 - a. Presentation by Paul Steinman (summary of his comments attached)
 - b. Next Meeting: Monday, April 20, at 7:00 p.m. (Topic: EDA Work Plan)
 - c. Linda to distribute 1997 EDA Work Plan
 - d. Linda to ask bond counsel about enabling resolution for HRA
 - e. Linda to distribute to Howard, Greg and Dave draft comp plan
6. **Adjournment:** The meeting was adjourned at 8:45 p.m.

Secretary

ATTEST

Executive Director

SUMMARY OF PRESENTATION BY

**Paul Steinman, Vice President of Housing & Economic Development
For Springsted Financial Advisors**

TO JORDAN EDA ON March 16, 2004

Mr. Steinman explained that Springsted only represents public clients, never private developers. His firm advises the City of Jordan on financial matters, including issuance of bonds.

He informed the commissioners that the EDA has a number of powers, by statute, although the City Council has final authority in most communities. Powers include:

1. Ability to establish Tax Increment Financing districts
2. Power of eminent domain
3. Taxing authority (through city council); the EDA levy can be up to 0.01813% of total market value and is counted within the city's levy limit; an HRA levy is outside the levy limit
4. Ability to issue revenue bonds
5. Power to acquire property through lease or purchase
6. Ability to become a venture capital partner in projects such as a business incubator

In Mr. Steinman's opinion, the best role of an EDA in a city the size of Jordan is as an advisory board to the city council, e.g. research, review, recommend. He advised that sometimes the EDA can be a sounding board for potential developers.

Linda Waite Smith asked if there is a conflict of interest if an EDA commissioner has a business similar to a potential development. Mr. Steinman stated that since the city council makes the final decision, there shouldn't be a conflict of interest. (Later he suggested a subcommittee of the EDA might be formed to listen to developers so that developments aren't publicized prematurely.)

Someone asked how common TIF usage is in cities our size. Mr. Steinman estimated that 90% of cities the size of Jordan use TIF and usage is more common in rural areas than in the metro area. The primary purposes are to create additional jobs and increase the tax base.

Someone else asked how the value of TIF is measured after the fact? Steinman stated that his firm is required by the state to measure the effectiveness of TIF. The number of jobs created may be the best measure of outcomes.

What is the difference between TIF and Tax Abatement, someone asked. Steinman said the key difference is that TIF captures the county and school district share of taxes during the lifetime of the district. With tax abatement, the county and school have the option of not contributing their shares.

Among the services Springstead provides is analysis of proposed subsidies to ensure that developers are only receiving the necessary amount of support.

Mr. Steinman was asked if a city can require community involvement from subsidy recipients. He responded that when public money is involved, you can certainly ask, but most developers will be reluctant to do anything beyond what's required of them by law. On the other hand, if the process of developing the TIF agreement has been productive and amicable, the developer will probably want to support the community.

Referring to the 1997 EDA Work Plan, Mr. Steinman advised that creating a solid strategic plan/work plan could unite a city council and economic development authority. Among the important tasks: protecting land for industrial purposes, despite pressure from residential developers.

How can the EDA raise money to accomplish its goals?

- EDA levy (with council approval)

- Minnesota Investment Fund loan to capitalize a revolving loan fund (a competitive process where applications need to be for projects that create high wage manufacturing jobs to be successful)

- Special taxing district (75% of business owners have to agree to be taxed)

Are "façade rehab" loan programs successful? In his experience, Mr. Steinman found that businesses will take matching funds for furnaces and such but not for facades because there is no return on investment in façade rehab.

Can an EDA levy be used for staff costs? Yes

How do we keep the staff person from being submerged in to the city structure? Can the person be an EDA employee? Mr. Steinman stated it is best for the person to be a city employee but it's possible the employee could become the executive director of the EDA. Linda suggested a job description could specify the amount of time spent on various responsibilities to ensure the person doesn't become a de facto planner.

What if developers complain about the TIF application fee? Steinman: you can consider refunding the fee if a project goes forward and keep it to cover expenses if the project doesn't proceed.

Who is Steve Bubul that you have referred to frequently? He is the city's bond counsel and TIF attorney.