

**Chair:**  
David Grant

**Commissioners:**  
Brenda Holden  
Fran Holmes  
Dave McClung  
Jonathan Wicklund



**Economic Development  
Authority  
July 25, 2016  
6:00 p.m.  
City Hall**

**Address:**  
1245 W Highway 96  
Arden Hills MN 55112

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651-792-7800

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[www.cityofardenhills.org](http://www.cityofardenhills.org)

## **City Vision**

Arden Hills is a strong community that values its unique environmental setting, strong residential neighborhoods, vital business community, well-maintained infrastructure, fiscal soundness, and our long-standing tradition as a desirable City in which to live, work, and play.

## **Agenda**

### **CALL TO ORDER**

1. APPROVAL OF AGENDA

2. APPROVAL OF MINUTES

2.A. 04-25-16 EDA

Documents:

[04-25-16-EDA.PDF](#)

3. NEW BUSINESS

3.A. Preliminary 2017 EDA Budgets

Sue Iverson, EDA Treasurer

Documents:

[MEMO.PDF](#)  
[ATTACHMENT A.PDF](#)

4. UNFINISHED BUSINESS

5. EDA MEMBER COMMENTS

**ADJOURN**



**DRAFT**

Approved: July 25, 2016

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**CITY OF ARDEN HILLS, MINNESOTA  
ECONOMIC DEVELOPMENT AUTHORITY MEETING  
APRIL 25, 2016  
6:00 PM – CITY COUNCIL CHAMBERS**

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**CALL TO ORDER/ROLL CALL**

Pursuant to due call and notice thereof, President Grant called to order the Economic Development Authority meeting at 6:00 p.m.

**Present:** EDA President David Grant; EDA Commissioners Brenda Holden, Fran Holmes, Dave McClung and Jonathan Wicklund

**Absent:** None

**Also present:** EDA Treasurer Iverson; Executive Director Jill Hutmacher; Acting Public Works Director John Anderson; Finance Analyst Dave Perrault; and City Clerk Amy Dietl

**1. APPROVAL OF AGENDA**

**EDA Commissioner Holden** requested an item be added to the agenda to allow the EDA to discuss the Chamber of Commerce.

**MOTION:** **EDA President Grant moved and EDA Commissioner Holden seconded a motion to approve the meeting agenda as amended. The motion carried unanimously (5-0).**

**2. APPROVAL OF MINUTES**

- A. January 25, 2016 Joint Meeting with EDC
- B. March 28, 2016 Special EDA

**MOTION:** **EDA Commissioner Holmes moved and EDA Commissioner Holden seconded a motion to approve the January 25, 2016 Joint Meeting with EDC Meeting Minutes; and March 28, 2016 Special Economic Development**

**Authority Meeting Minutes as presented. The motion carried unanimously (5-0).**

**3. NEW BUSINESS**

**A. 2017 Budget Process**

**EDA Treasurer Iverson** reviewed the 2017 budget process with the EDA. It was noted that the EDA is a blended component unit of the City of Arden Hills which makes EDA Funds Special Revenue Funds of the City. Annually the City is required by the State to set budgets for the City's General Fund and all Special Revenue Funds (which includes all the EDA Funds).

**EDA Treasurer Iverson** indicated that these EDA Funds are:

EDA General Fund  
EDA Revolving Loan Fund  
EDA TIF District #2 Round Lake  
EDA TIF District #3 Cottage Villas  
EDA TIF District #4 Presbyterian Homes

**EDA Treasurer Iverson** stated that in order to officially start the budget process, a budget calendar needs to be approved by the EDA.

**MOTION:** **EDA Commissioner Holden moved and EDA Commissioner McClung seconded a motion to approve the 2017 Budget Calendar as presented. The motion carried unanimously (5-0).**

**B. Chamber of Commerce**

**EDA Commissioner Holden** asked if Chamber of Commerce dues were paid by the EDA.

**EDA Treasurer Iverson** reported that payments for professional service agreements to the Chambers were paid out of the EDA General Fund.

**EDA Commissioner Holden** requested to see the Chamber of Commerce invoices prior to payment by City staff.

**EDA Commissioner McClung** supported this recommendation.

**Executive Director Hutmacher** discussed when the Chamber of Commerce payments were owed each year and commented on the estimated amount paid to each Chamber of Commerce. She explained that she would forward the exact amounts to the Council via email. She provided further comment on the differences between the two Chambers, noting that there was some geographical overlap between the two organizations.

**Mayor Grant** questioned if the City was obtaining benefit from each of the Chambers for the fees being paid.

**Executive Director Hutmacher** believed that this was for the EDA to decide. She discussed the services provided by the Chambers to the City and its area business owners. It was noted that each Chamber provides educational seminars and business outreach activities. She indicated that staff values the contributions of both organizations.

**4. UNFINISHED BUSINESS**

None.

**5. EDA COMMISSIONER COMMENTS**

None.

**6. ADJOURN**

**MOTION:** **EDA Commissioner McClung moved and EDA Commissioner Holmes seconded a motion to adjourn the Economic Development Authority meeting. The motion carried unanimously (5-0).**

**EDA President Grant** adjourned the Economic Development Authority meeting at 6:14 p.m.

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Sue Iverson  
Interim City Administrator

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David Grant  
EDA President



**DATE:** July 25, 2016

**TO:** EDA Chair and Commissioners  
Vacant, Executive Director  
Vacant, EDA Secretary

**FROM:** Sue Iverson, EDA Treasurer

**SUBJECT:** Preliminary 2017 EDA Budgets

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**Background/Discussion**

The EDA is a blended component unit of the City of Arden Hills which makes EDA Funds Special Revenue Funds of the City. Annually we are required by the State to set budgets for the City’s General Fund and all Special Revenue Funds (which includes all the EDA Funds).

These EDA Funds are:

- EDA General Fund
- EDA Revolving Loan Fund
- EDA TIF District #2 Round Lake
- EDA TIF District #3 Cottage Villas
- EDA TIF District #4 Presbyterian Homes

Overall, the EDA General Fund is in good financial condition for 2016 with an estimated year-end reserve balance of \$218,067, but the EDA and City Council may want to identify dependable, reoccurring revenue for EDA activities in the future other than General Fund transfers as the primary funding source of revenues.

The fund balance being projected at the end of the year includes funds that are intended to be used for the Gateway Signs program (approximately \$45,000). Tax revenues are likely the only reoccurring source of funding for EDA activities. The City Council approved \$30,000 in tax revenues for the EDA as part of the 2015 budget and \$60,000 in tax revenues for the 2016 budget. The 2017 budget shows a transfer in the amount of \$90,000, which can be adjusted as priorities change.

Staff is looking for Council input on the proposed budget. Attached are the preliminary budget revenues and expenditures for the funds showing a transfer from the General Fund for the EDA Operating Fund. The EDA will review the final budget at its October meeting.

## **EDA GENERAL**

**Function:** Economic Development  
**Supervisor:** Community Development Director  
**Fund#:** 250  
**Activity#:** 47300

### **Activity Scope**

This Special Revenue Fund accounts for general administration activities that are not specific to any individual Tax Increment Financing (TIF) District, as well as activities associated with the Economic Development Commission and Economic Development Authority.

### **Objectives**

1. Consider placement and construction of Gateway Signs.
2. Continue to research the City's revolving loan program, restrictions, guidelines, and possible future uses.
3. Consider the use of TIF District 3 funds for low to moderate housing needs.
4. Review operating budget and identify a sustainable funding source.
5. Continue to grow and evolve the business retention program.

### **Issues**

1. Consistent administration of the City's policies, plan, ordinances, guidelines, statutes, etc.
2. Promotion of industrial property available.

### **Measurable Workload Data**

None developed at this time.

### **Budget Commentary**

Historically, the revenue to this fund had been primarily excess increment and interest with transfers from the General Fund. A transfer was made in 2012 and 2013 for the Conduit Debt revenue received in 2011 and 2012 from the Presbyterian Homes project. The tax increment excess funding source ended in 2015 with the decertification of TIF District #2 (Round Lake Road). Transfers from the General Fund are now the prime funding source.

An administrative charge was established in 2008 and all funds are charged back for overhead costs associated with Administration, Finance and Administrative Services, and Government Building departments in the General Fund. Other costs such as auditing, financial software, IT, and insurance have been allocated to this fund also.

## **Budget Summary**

Function: Economic Development

Department: EDA General Fund

Activity	Appropriation Detail						
	Actual FY 2014	Actual FY 2015	Budget FY 2016	Amended FY2016	YTD FY2016	Proposed FY 2017	% Change 16 vs 17
<b>Revenues</b>							
Taxes	61,280	63,361	-	-	(1,252)	-	0.00%
Intergovernmental	-	-	-	-	-	-	0.00%
Miscellaneous	12,172	5,639	4,000	4,000	4,596	5,600	40.00%
Other Financing Sources	50,000	30,000	60,000	60,000	-	90,000	50.00%
Total Revenues	\$ 123,452	\$ 99,000	\$ 64,000	\$ 64,000	\$ 3,344	\$ 95,600	0.00%
<b>Expenditures</b>							
Total Personal Services	46,673	60,769	71,286	71,286	24,757	71,150	-0.19%
Total Materials and Supplies	237	257	650	650	-	650	0.00%
Other Service Charges	21,927	51,961	60,623	60,623	5,277	61,162	0.89%
Capital Outlay	12,333	10,077	-	-	-	45,000	100.00%
Total Expenditures	\$ 81,170	\$ 123,064	\$ 132,559	\$ 132,559	\$ 30,034	\$ 177,962	34.25%
Fund Balance - January 1	268,408	310,690	286,626	286,626	286,626	218,067	
Excess Revenue Over Expenditure	42,282	(24,064)	(68,559)	(68,559)	(26,690)	(82,362)	
Fund Balance - December 31	\$ 310,690	\$ 286,626	\$ 218,067	\$ 218,067	\$ 259,936	\$ 135,705	

## EDA REVOLVING LOAN FUND

**Function:** Economic Development  
**Supervisor:** Community Development Director  
**Fund#:** 251  
**Activity#:** 47306

### Activity Scope

This Special Revenue Fund was established to administer economic development loans. The primary revenue source is from investment income.

### Objectives

1. To assist local businesses that meet the loan criteria established by the EDA.

### Issues

1. The current economy is starting to rebound and is slowly lending itself to expansion or improvements.
2. Promoting the program to the community businesses.

### Measurable Workload Data

None developed at this time.

### Budget Commentary

There are currently no planned expenditures at this time. Activity in this fund would occur if the Economic Development Authority authorized a loan after an application is made.

### Budget Summary

Function: Economic Development		Department: EDA Revolving Fund						
Activity	Appropriation Detail							
	Actual FY 2014	Actual FY 2015	Budget FY 2016	Amended FY2016	YTD FY2016	Proposed FY 2017	% Change 16 vs 17	
<b>Revenues</b>								
Total Miscellaneous	6,378	3,264	2,500	2,500	2,542	3,000	20.00%	
Total Revenues	\$ 6,378	\$ 3,264	\$ 2,500	\$ 2,500	\$ 2,542	\$ 3,000	20.00%	
Fund Balance - January 1	154,491	160,869	164,133	164,133	164,133	166,633		
Excess Revenue Over Expenditure	6,378	3,264	2,500	2,500	2,542	3,000		
Fund Balance - December 31	\$ 160,869	\$ 164,133	\$ 166,633	\$ 166,633	\$ 166,675	\$ 169,633		

## **EDA TIF DISTRICT #2 – ROUND LAKE**

**Function:** Economic Development  
**Supervisor:** Director of Finance and Administrative Services  
**Fund#:** 252  
**Activity#:** 47307

### **Activity Scope**

TIF District No. 2, Round Lake Office, was established as a twenty-five year Redevelopment District on June 29, 1989. This district is located on the northeast quadrant of the I-35W/I694 intersection. This district was decertified on December 31, 2015.

Improvements for this district were funded with the issuance of \$3,100,000 General Obligation Tax Increment Bonds on March 1, 1998. Debt Service Fund No. 325 was created, per statute, to track repayment of the bond principal and interest. This was paid in full in 2015. An inter-fund loan from the Permanent Revolving Fund No. 411 was needed for the acquisition of the Indykiewicz property. This loan was repaid in full in 2004. All non-tax increment revenue was transferred out of this fund in 2013 to the PIR Fund.

### **Objectives**

1. None as the district has been decertified.

### **Issues**

1. Ensure compliance with TIF laws for reporting.

### **Measurable Workload Data**

None developed at this time.

### **Budget Commentary**

No funds are budgeted at this time.

## Budget Summary

Function: Economic Development

Department: EDA TIF District #2 Round Lake Office Park

Activity	Appropriation Detail						
	Actual FY 2014	Actual FY 2015	Budget FY 2016	Amended FY2016	YTD FY2016	Proposed FY 2017	% Change 16 vs 17
<b>Revenue</b>							
Taxes	345,058	419,838	-	-	-	-	0.00%
Miscellaneous	8,867	8,537	-	-	-	-	0.00%
Total Revenue	\$ 353,925	\$ 428,375	\$ -	\$ -	\$ -	\$ -	0.00%
<b>Expenditures</b>							
Other Services and Charges	1,181	1,361	1,125	1,125	-	-	-100.00%
Capital Outlay	125,000	422,872	-	-	-	-	0.00%
Operating Trans	282,575	284,900	-	-	-	-	0.00%
Total Expenditures	\$ 408,757	\$ 709,133	\$ 1,125	\$ 1,125	\$ -	\$ -	-100.00%
Fund Balance - January 1	335,590	280,758	0	0	0	(1,125)	
Excess Revenue Over Expenditure	(54,832)	(280,758)	(1,125)	(1,125)	-	-	
Fund Balance - December 31	\$ 280,758	\$ 0	\$ (1,125)	\$ (1,125)	\$ 0	\$ (1,125)	

## **EDA TIF DISTRICT #3 – COTTAGE VILLAS**

**Function:** Economic Development  
**Supervisor:** Director of Finance and Administrative Services  
**Fund#:** 253  
**Activity#:** 47305

### **Activity Scope**

TIF District No. 3, Cottage Villas Housing, was originally certified as a Housing District on May 10, 1993. This district is located on the east side of Cleveland Avenue, just south of County Road E-2/Cleveland Avenue intersection. This 64 unit Cottage Villas Apartment complex is available for low-moderate income seniors. Originally, this district was set to decertify on December 31, 2009. In December, 2009, the City Council extended this district until December 31, 2019, to allow the City the possibility of using these funds for other affordable housing projects within the City.

The City entered into a “pay-as-you-go” agreement with Cottage Villas of Arden Hills Limited Partnership on February 28, 1994. The Development Agreement called for the developer to be reimbursed for certain public development activities initially estimated at \$834,286. Repayment to the developer would only be from tax increment actually received from the district. Payments were to be 90% of the tax increment received not-to-exceed a total annual payment of \$57,557. The City is no longer obligated to make payments after February 1, 2010.

### **Objectives**

1. Utilize available funds for low to moderate income housing projects.

### **Issues**

1. Ensure use of funds is consistent with TIF laws.

### **Measurable Workload Data**

None developed at this time.

### **Budget Commentary**

The City no longer has any obligations to pay the development as of February 1, 2010. Only administrative costs have been planned for 2017.

## **Budget Summary**

Function: Economic Development

Department: EDA TIF District #3 Cottage Villas

Activity	Appropriation Detail						
	Actual FY 2014	Actual FY 2015	Budget FY 2016	Amended FY2016	YTD FY2016	Proposed FY 2017	% Change 16 vs 17
<b><u>Revenues</u></b>							
Taxes	60,555	67,844	60,000	60,000	36,734	65,000	8.33%
Intergovernmental	-	-	-	-	-	-	0.00%
Miscellaneous	10,383	6,938	5,000	5,000	6,589	7,000	40.00%
Total Revenues	\$ 70,938	\$ 74,782	\$ 65,000	\$ 65,000	\$ 43,323	\$ 72,000	10.77%
<b><u>Expenditures</u></b>							
Other Services and Charges	1,181	1,273	4,725	4,725	-	4,725	0.00%
Total Expenditures	\$ 1,181	\$ 1,273	\$ 4,725	\$ 4,725	\$ -	\$ 4,725	0.00%
Fund Balance - January 1	256,441	326,197	399,706	399,706	399,706	459,981	
Excess Revenue Over Expenditure	69,756	73,509	60,275	60,275	43,323	67,275	
Fund Balance - December 31	\$ 326,197	\$ 399,706	\$ 459,981	\$ 459,981	\$ 443,029	\$ 527,256	

## EDA TIF DISTRICT #4 – PRESBYTERIAN HOMES

**Function:** Economic Development  
**Supervisor:** Director of Finance and Administrative Services  
**Fund#:** 254  
**Activity#:** 47308

### Activity Scope

TIF district No. 4, Presbyterian Homes, was established as a 15 year renewal and renovation district to facilitate the redevelopment of existing senior housing units and replacement of existing nursing home units. The first increment was received in 2014 with the districted expiring on December 31, 2029.

### Objectives

1. Utilize funds for Presbyterian Homes project per the development agreement.

### Issues

1. Ensure compliance with TIF laws for uses of available funds.

### Measurable Workload Data

None developed at this time.

### Budget Commentary

Increment was received starting in 2014 and is estimated for 2017. Payments are based on 90% of increment received to the developer and estimated for 2017. The only other charges budgeted are administrative charges.

### Budget Summary

Function: Economic Development		Department: EDA TIF District #4 Pres Homes					
Activity	Appropriation Detail						
	Actual FY 2014	Actual FY 2015	Budget FY 2016	Amended FY2016	YTD FY2016	Proposed FY 2017	% Change 16 vs 17
<b>Revenues</b>							
Taxes	98,529	146,854	99,000	99,000	85,141	150,000	51.52%
Intergovernmental	-	-	-	-	-	-	0.00%
Miscellaneous	(240)	654	600	600	378	650	8.33%
<b>Total Revenues</b>	<b>\$ 98,289</b>	<b>\$ 147,508</b>	<b>\$ 99,600</b>	<b>\$ 99,600</b>	<b>\$ 85,519</b>	<b>\$ 150,650</b>	<b>51.26%</b>
<b>Expenditures</b>							
Total Materials and Supplies	-	-	-	-	-	-	0.00%
Other Services and Charges	90,784	133,850	92,825	92,825	-	139,525	50.31%
Capital Outlay	-	-	-	-	-	-	0.00%
<b>Total Operating Expenses</b>	<b>90,784</b>	<b>133,850</b>	<b>92,825</b>	<b>92,825</b>	<b>-</b>	<b>139,525</b>	<b>50.31%</b>
<b>Total Expenditures</b>	<b>\$ 90,784</b>	<b>\$ 133,850</b>	<b>\$ 92,825</b>	<b>\$ 92,825</b>	<b>\$ -</b>	<b>\$ 139,525</b>	<b>50.31%</b>
Fund Balance - January 1	(2,969)	4,535	18,193	18,193	18,193	24,968	
Excess Revenue Over Expenditure	7,504	13,658	6,775	6,775	85,519	11,125	
<b>Fund Balance - December 31</b>	<b>\$ 4,535</b>	<b>\$ 18,193</b>	<b>\$ 24,968</b>	<b>\$ 24,968</b>	<b>\$ 103,712</b>	<b>\$ 36,093</b>	