

**City of Moorhead
Economic Development Authority
Meeting Minutes
April 27, 2009 at 11:30 AM
1st Floor, South Board Room, Moorhead City Hall**

Pursuant to due call and notice thereof, a regular meeting of the Economic Development Authority was held in the 1st Floor, South Board Room, Moorhead City Hall, on April 27, 2009, at 11:30 AM.

1. Call meeting to Order/Roll Call

Roll call of the members was made as follows:

3rd Ward Council Member:	Lauri Winterfeldt	Absent
4th Ward Council Member:	Mark Hintermeyer	Present
Board Member:	Gane Skatvold	Present
Board Member:	James Taylor	Present
Board Member:	James Welch	Present
Board Member:	Jon Riewer	Present
Board Member:	Kay Parries	Present
Board Member:	Kelli Poehls	Present
Board Member:	Mark Wallert	Absent
Board Member:	Robert Remark	Present
Board Member:	Werner Golling	Present

2. Agenda Amendments

Minutes: Hutchins stated that Bill Schwandt, Moorhead Public Service, may arrive late and requested to hold on item #6 until his arrival.

Kelli Poehls suggested adding an item regarding SBA / FEMA Disaster Recovery Loans for businesses.

3. Approve Minutes of the January 26, 2009, Meeting.

Motion made to approve minutes of January 26, 2009, made by Jon Riewer and seconded by Gane' Skatvold

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

4. Citizens Addressing the Board

Minutes: None.

5. Election of 2009 EDA Board Officers

Minutes: Hutchins called for nominations for 2009 EDA offices: chair, vice chair and secretary.

Motion to approve the election of Jim Welch as chair, Jim Taylor as vice chair, and Gane' Skatvold as secretary of the Moorhead Economic Development Authority made by Jon Riewer and seconded by Kelli Poehls.

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

6. **Recommend Establishment of Transfer Increment Financing (TrIF) for New or Expanding Primary Sector Businesses - Hutchins and Schwandt**

Minutes: Hutchins opened with a summary of the continued discussion of the establishment of an incentive using the electric rate for a primary sector business. The proposed incentive stemmed from a request from Pactiv Corporation to expand their production facility in south Moorhead.

Hutchins provided an update to the board of the most recent report on this subject to the MPS Commission at their March meeting. The commission accepted this report March 17. He stated that the draft guidelines for the proposed incentive were included with the packet materials. He highlighted two of the most important guidelines: how would this incentive function and what was the effect on current rate payers.

Bill Schwandt reported that at the last MPS commission meeting, the commission's stance was that they did not have any say in what would happen to the transfer once the transfer was made and that it was up to the City Council to approve the appropriation of those transfer funds. Commissioner's felt their role was that of an advisor to the council rather than a policy maker on this issue.

Schwandt stated that the commission would look at new loads on a case by case basis to decide if it was a desirable load or not and whether or not an incentive could be made available. He stated that because margins were tight, every new load that comes on board causes rates to increase across the board. Because of this, MPS is not able to provide a direct incentive to businesses. He stated that the city has a 15-20% transfer margin and that they could provide the incentive from that margin. In summary, Schwandt stated that Pactiv is a good load, a good customer, and MPS was in favor of offering Pactiv an incentive.

Hintermeyer stated that he believed that we were going into a "precedent setting" area. He stated that the structure of this type of incentive would box in the city council for setting the budget and leave less flexibility. He did not think the council would approve a measure that would restrict their ability to develop the overall city budget. He stated that this would cost the city money and technically speaking is not a refund of new revenue. He stated that the incentive would raise every electric rate throughout the city and that this action would not justify the added jobs. He does not see how this transfer can work without complicating the budget and he saw this as problematic.

Schwandt responded to the effect of such an incentive on electric rates for the city. Hintermeyer reiterated that the MPS Commission was unwilling to give an economic incentive to the business because it was unwilling to consider or justify a corresponding rate increase to their customers.

Jon Riewer joined the discussion and pointed out that it was the EDA's role to present the project and let the council decide whether or not it will support the incentive. Kelli Poehls added that she got the impression from the MPS commissioners that they did not feel it was their job to provide incentives to stimulate economic development. She also stated that the transfer incentive should not be brought before the council until it was well thought out and ready for a vote.

Werner Golling asked if there were other economic tools available to Pactiv. Hutchins stated that the economic development tools typically used would not be effective for Pactiv due to way the company accounts for the other incentives. He stated that Pactiv asked for a reduced electrical rate because it had been provided to them before and would directly influence their local balance sheet. He stated that council member Hintermeyer's point was valid and should be evaluated

Motion to Accept the Report made by Jon Riewer and seconded by Gane' Skatvold to Establishment of Transfer Increment Financing (TrIF) for New or Expanding Primary Sector Businesses and to continue the discussion to further explore alternatives.

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

7. Legislative Update: Bioscience, Border Cities and Budget - Redlinger and Hutchins

Minutes: Chair Parries formally thanked city manager, Mike Redlinger, for his support to business owner and citizens during the flood. The board joined in a round of applause showing their appreciation as well.

Hutchins opened the legislative update by stating that the Wetlab facility bill was on general orders in the house and senate and should be passed this week. He stated that there was also legislative work to support the post flood efforts for mitigation and acquisition projects which may or may not rise to the level of FEMA participation.

Hutchins stated that SBA had established a presence in Moorhead to support small business in relief efforts and there was an informational meeting held last week. Kay Parries responded stating there weren't many businesses in attendance at that meeting. She stated that every business should register with FEMA whether they think they were effected at this time or not. Hintermeyer suggested that this information be included as a flyer in the utility bill mailing. Kelli Poehls will follow up with MPS at their next meeting.

Mike Redlinger started by thanking everyone for their personal efforts fighting the flood. He stated that Moorhead has the attention of people in St. Paul and Washington to begin discussions for permanent solution to flood control. Redlinger drew the boards' attention to the "Framework to Recovery" template which was posted on the city's website.

Riewer asked if Redlinger knew the cost of the flood fight. Redlinger estimated \$20 million dollars in direct cost. He summarized some of the expenses incurred that were figured into the cost. Board members contributed with flood related observations and stories.

Hutchins gave a brief update on the disparity reduction credit program and LGA, both at the legislature at this time.

Board members asked for an update on the liaison position. Hutchins stated that Neil Qualley indicated they were currently interviewing candidates and hoped to introduce this person at the May EDA meeting.

8. Gateway Corridor Redevelopment: Update on 1st Avenue North – Doll

Minutes: Pete Doll updated the board in regards to the Gateway Corridor Redevelopment project which was detailed in the report included with the packet. He stated that an RFP went out during the flood and that they had one applicant. Unfortunately, the application was not complete due to the short application deadline and Aggregate pulled out of the process, not willing to commit until more information was available. He stated that it was a good first attempt but that they would reissue the RFP and consider a fall project. The board was appreciative of staff's efforts, especially with such a tight timeline, and supportive of reissuing the RFP.

9. Information / Update

10. Adjourn

APPROVED BY:

ATTEST:

Jim Welch
Chair

Gane' Skatvold
Secretary

The proceedings of this meeting are digitally recorded and are available for public review.

Respectfully submitted by:
Amy Thorpe, Community Services Program Assistant