

**MINUTES
OF THE WORK SESSION OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
APRIL 19, 2011
5:09 P.M.**

Mayor Hovland called the meeting to order at 5:09 p.m. in the Community Room of City Hall. Answering rollcall were Members Bennett, Brindle, Sprague, Swenson and Mayor Hovland.

Staff attending the meeting included: Jennifer Bennerotte, Communications & Marketing Director; Wayne Houle, Engineer/Public Works Director; Debra Mangen, City Clerk;; Scott Neal, City Manager; Eric Roggeman, Assistant Finance Director; Ceil Smith, Assistant to the City Manager; Cary Teague, City Planning Director; and John Wallin, Finance Director. Consultant Mark Ruff, Ehlers and Associates were also in attendance.

Mayor Hovland stated the purpose of the work session had originally been to review the proposed Tax Increment Financing (TIF) Policy and to receive a request for economic development assistance from Simon Properties, the owner of Southdale Shopping Center. However, the executive from Simon Properties had to cancel due to an illness. Mayor Hovland asked Manager Neal to begin the work session with a brief overview of the proposed TIF Policy.

Manager Neal suggested that Consultant Mark Ruff, Ehlers and Associates could give an overview of TIF and answer questions of the Council relative to the proposed policy. Mr. Ruff explained Edina had previously utilized TIF resources from a variety of TIF districts to undertake major projects within the City. He noted that ten years ago, the City had over \$40,000,000 in outstanding general obligation TIF Bonds that were paid from several TIF districts. Currently, the City has less than \$2,500,000 in outstanding G.O. TIF debt. While several of the TIF districts have decertified and are on the City's tax rolls, the Centennial Lakes TIF District continues to have substantial resources.

The Centennial Lakes District will decertify in 2014. Under current law will be able to continue to spend TIF funds after the district has decertified. Mr. Ehlers indicated his firm was working with the City's Finance Department to identify if some of the TIF balances could actually be non-TIF funds under the State Auditor guidelines.

Mr. Ruff explained 2010 legislation made it possible to "pool" or spend funds outside the TIF district boundaries, for any type of construction cost as long as a building permit is pulled by July 1, 2011, if the City finds that the recipient project would not be possible without public assistance. This would allow the City to spend TIF balances for actual construction or renovation of buildings.

Finance Director Wallin reviewed the various districts in Edina that have used TIF and are already decertified. It was noted that the Centennial Lakes TIF District would decertify in 2014, but currently there was approximately \$20,000,000 in resources available for public use.

In correspondence to City Manager Scott Neal, Simon Property Group has requested that the City and HRA assist in the renovation of Southdale by providing TIF assistance in the amount of \$5,378,000. Simon stated that it was designating Southdale a "Transformational property," enabling it "to invest approximately \$30 million for the food court, first floor reconfiguration, and the additional [sic] of the new anchor. Staff informed Council that Simon proposed to use TIF funds to help pay for improvements to

building entrances, lighting, signage and painting. The City's TIF consultant, Mark Ruff, provided Council with a memorandum in which he advised the Council that it could provide TIF assistance to Southdale in one of four ways:

1. Use Centennial Lakes TIF funds as a grant
2. Use Centennial Lakes TIF funds as a loan, which could be forgiven in whole or part if current and future improvements to Southdale meet the City's goals.
3. Use TIF more traditionally through the increase in property taxes due to new tenants and improvements related to Southdale only.
4. Use a property tax abatement, the City's share of the Southdale existing and/or new taxes, to reimburse Simon for improvements

The Council discussed with staff the potential use of the Centennial Lake TIF Funds. Included were continuation of the Promenade Project, potential France Avenue corridor improvements, France Avenue Interchange, possible fulfill Simon Property request for redevelopment funds, construction of pedestrian bridge in the France Avenue Corridor, purchase of land for a transit station, construction of a water treatment facility, construction of playground in Centennial Lakes Park and what potentially was the process to follow if granting aid to Simon Property. The question was raised whether the July 1, 2011 deadline could be met to which Mr. Ruff responded he believed it was attainable.

The Council also discussed the Southdale Center and potential improvements that Simon Properties were proposing along with leasing the old Mervyns space to Herbergers.

There being no further business, Mayor Hovland adjourned the meeting at 6:31 p.m.

Respectfully submitted,

Debra A. Mangen, City Clerk

Minutes approved by Edina City Council, May 3, 2011

James B. Hovland, Mayor