

**MINUTES
OF THE WORK SESSION
EDINA CITY COUNCIL
HELD AT EDINA CITY HALL
DECEMBER 6, 2011
5:40 P.M.**

Mayor Hovland called the meeting to order at 5:40 p.m. Answering rollcall were Members Bennett, Brindle, Sprague, Swenson and Mayor Hovland.

Staff attending the meeting: Jennifer Bennerotte, Communications & Marketing Director; Wayne Houle, City Engineer/Public Works Director; Karen Kurt, Assistant City Manager; Debra Mangen, City Clerk; and Scott Neal, City Manager.

Consultants attending on behalf of the City: Mark Ruff and Jessica Cook, Ehlers and Associates.

Mayor Hovland explained the purpose of the meeting was to further review a request from Simon Properties for economic development assistance from the City of Edina. He noted Mr. Ruff needed to leave the meeting at 6:30 p.m.

Manager Neal briefly reviewed the City's proposed response to the Simon Properties request for a \$5.378 million grant as incentive for Simon to complete a \$15 million renovation at Southdale Center. Simon Properties representatives have indicated the renovation would not be possible without the requested assistance. Mr. Neal outlined the following possible terms:

1. City obtains a permanent easement for a water treatment facility at no cost allowing the City to complete facility construction by 2013.
2. Simon to provide land for a transit station meeting City and Metropolitan Council parameters at no cost to either entity.
3. Three options to provide capital to Simon from the City:
 - a. The City provides a low interest loan to Simon (3% or less) with deferred interest, accrued for three years. Beginning in year four, the loan is amortized over a 20-year period with equal principal and interest payments monthly; or
 - b. The City provides matching grant funding to Simon on a 5:1 ratio (private to public investment) to a maximum of \$3 million dollars of City financial assistance, which the City would recapture by creating a new TIF district around Southdale; or
 - c. The City provides grant funding to Southdale per Simon's October 7 request: \$5,378,000 based upon monthly draws of \$1.00 of public funds for every \$2.79 of private expense.
4. Loan principal can be reduced by property taxes from new development on the Southdale site captured in a nine-year tax increment financing district to be established in 2011 for the mall itself and from any housing districts established for future residential facilities on the site.
5. The City is given an option to lease third floor space for community facilities at a predetermined lease rate.
6. The renovation plan will also include a landscaping/site improvement plan, determined jointly with the City, which provides improved pedestrian connections between Southdale and the health campus on the north and the Galleria on the south, and to any subsequently constructed housing development adjacent to Southdale.

Minutes/Edina City Council Work Session/November 29, 2011

The Council discussed the possible terms and indicated some support for providing financial assistance. A majority of the Council indicated they could support providing up to \$4 million in financial assistance in the form of a grant using the City's tax-increment financing funds and/or a zero percent interest loan. Additional terms the Council would consider included: no-cost water treatment facility permanent easement allowing facility construction in 2013; land for a transit station; option for third-floor space lease at predetermined rate; and landscaping and site plan improvements providing improved pedestrian connections in the greater Southdale area. Member Bennett indicated she could not find a public purpose in the request. Mr. Neal was directed to further negotiate an agreement for financial assistance acceptable to both Simon Properties and the City of Edina.

Mayor Hovland adjourned the meeting at 6:55 p.m.

Respectfully submitted,

Debra A. Mangan, City Clerk

Minutes approved by Edina City Council, December 20, 2011

James B. Hovland, Mayor