

CITY OF HINTON
COUNCIL MEETING
June 22, 2015
5:30 P.M.

Mayor Gary Fischer called the June 22, 2015 council meeting to order. Council members present were Chris Kovarna, Kelly Kreber, Randy Roehrich and Keith Towns. Jeff Johnson was absent. Also present were Attorney Barry Thompson, Pete Stuerman, Scott Mathiason and Brent Ford.

DEVELOPMENT
40 ACRES:
RESOLUTION #772

Motion by Roehrich to the following as recommended by legal counsel:

Reject the proposal set out in the letter dated June 5, 2015 from Michael Murphy on behalf of Blackhawk Ridge, LLC.

Propose the following three options to Blackhawk Ridge, LLC for their consideration.

The First option, the City will sell its interest in the property at fair market value to the Developer and allow the developer to develop the property according to its own schedule, with the Developer bearing the costs associated with necessary public improvements and utilities as required by the City Code (including any required water storage tank or second entrance, for example) and receiving the benefit of any return on investment as the lots or houses are sold.

The Second option, the City will place the development property in an Urban Renewal Area, adopt a Tax Increment Financing (TIF) Ordinance, and enter into a Rebate Development Agreement with the Developer. Under this Rebate Agreement, the City will sell its interest in the property to the Developer at the reduced price of \$50,000.00 (assuming certain statutory requirements are satisfied). The Developer will be responsible for constructing all necessary public improvements (including any required water storage tank or second entrance, for example). Under the Rebate Agreement approach, however, the City would agree to rebate up to 66.32% of incremental taxes from the development property until up to the earlier of: (1) ten years; or (2) when the Developer is fully reimbursed for the costs of public improvements.

The Third option, the City will place the development property in an Urban Renewal Area, adopt a Tax Increment Financing (TIF) Ordinance, and enter into a NON-Rebate Development Agreement with the Developer. Under this NON-Rebate Agreement approach, the City would still sell its interest in the property to Developer at the reduced price of \$50,000.00 (assuming certain statutory requirements are satisfied). Unlike the Rebate option, however, the City would agree to assume some of the upfront costs associated with building public infrastructure; in this instance, for example, constructing the water storage tank and the second entrance to the development property. The City would need to borrow the money (estimated to exceed \$1,000,000.00) to fund these construction projects. In exchange for incurring these upfront costs and thereby assuming some of the risk of non-development or underdevelopment, the City would, at a minimum, obtain all of the following from the Developer in the Development Agreement:

1. A promise from the Developer to build a certain number of homes, at a certain value, on a certain schedule, such that the tax increment created by the construction and full assessment of these homes will allow the City to pay the debt service incurred to construct the public improvements.
2. A minimum assessment agreement establishing a minimum assessed value for the development property such that the development property will create the necessary tax increment to pay the debt service incurred to construct the public infrastructure even if the homes are not constructed as promised.
3. An agreement that the lots in the development property would not be subject to Plymouth County Ordinance 061212 (or at least the Ordinance would stop applying once the minimum assessment agreement is triggered).
4. A promise to pay the difference between the amount of tax increment collected on the development property and the debt service payments for the public infrastructure; these payments are referred to as Shortfall Payments.
5. A personal guarantee from the principals of the Developer and/or a letter of credit from a financial institution, by which the principals and/or financial institution agree to make the Shortfall Payments if the Developer fails to do so.

A hearing would still be needed to sell the property. Motion seconded by Kovarna, all aye, motion carried.

PINNACLE BANK
SAVINGS ACCOUNT:

Motion by Kovarna to leave the minimum amount required to keep the account open and move the balance to IA Prairie Bank, seconded by Roehrich, all aye, motion carried.

SALARY RESOLUTION
#773:

Motion by Towns to increase the hourly wage of Hayley Mathiason to \$12.00 effective with the payroll of July 3rd, 2015, seconded by Kreber, all aye, motion carried.

Motion to adjourn by Towns, seconded by Kreber, all aye, meeting adjourned 6:52 p.m.

Gerry Judd, City Clerk

Gary Fischer, Mayor