

MINUTES OF THE SUPPLEMENTAL PUBLIC HEARING
OF THE BRAHAM CITY COUNCIL
TUESDAY, APRIL 5, 2016
7:00 P.M.

The supplemental public hearing was called to order with the following present: Mayor Patricia Carlson; Council Members Wayne Seiberlich, Vicky Ethen, and Jeremy Kunshier; and City Administrator Sally Hoy. Council Member Traci Leaf was absent.

Also present in the audience were City Engineer Brian Miller, Ashley Haynes from the Isanti County News, Lori Zabel from the Braham Journal, Loren Davis, and Chief Knowles. Administrator Hoy explained that this supplemental public hearing was for council consideration of cancelling the deferred assessments on the Industrial Park lots that are currently owned by the City of Braham. She provided an excerpt of minutes from the March 7, 2016 council meeting as follows:

BRAHAM EDA RECOMMENDATION – INDUSTRIAL PARK LOT PRICING

Administrator Hoy reported that the City has been contacted by someone interested in purchasing one of the Braham Industrial Park lots, but the developer said the special assessment amounts on the lots were a deal breaker. She reported that when the special assessments were first set up for the Ind. Park in 2006, it was right before the downturn of the economy, and the lot prices were set to recover the land cost, plus the special assessments, which were set to increase 5.5% annually (1% above the City's bond interest rate). As a note, the City's bond was refunded in 2011 down to 2.98%. The accumulation of 5.5% interest over the past 10 years has put the lot prices out of range for today's economy. She reported that even recalculating them to drop to 2.98% from 2011 forward still puts the lot prices out of reach.

Hoy reported she contacted David Drown, the City's financial advisor who originally drafted the assessment schedule, and asked him if it was possible for the City to reduce the lot prices and assessments. She said his response was that at this point, he thought the City should be setting lot prices in the industrial park at levels that are workable for business owners, and that he'd noted, "*The price schedule with accumulated interest is probably well above market prices now, so there is no sense in pretending that lots will sell at these levels.*" She reported he said the goal of the industrial park was always to bring industry and jobs to town.

Hoy reported she then called together the Braham EDA for a meeting to re-evaluate the lot prices and to come up with a recommended revision to the schedule. Current Braham EDA members are Loren Nelson, Businessman; Seth Zeltinger, Banker; and Mayor Tish Carlson and Wayne Seiberlich from council. She reported they discussed the current lot prices and reviewed what some of the area cities were selling lots for. Because Phase 2 is not developed yet, they focused on the lot prices for Phase 1.

Hoy said their recommendation to council is to charge \$34,800 for Lots 7, 8 & 10. They based this upon charging 75% of the County's EMV for Lot 7, and because Lots 8 & 10

were about the same size for buildable land as Lot 7, to charge the same amount for 8 & 10 as well. For Lot 9, they recommended charging \$44,700, which is 75% of the County's EMV for 2016. Their recommendation is that no TIF or special assessments would be offered with these prices. That way, the City will not only be paid up front for the lots, but will also start collecting taxes right away instead of returning the taxes to the developer for the remaining years of the TIF District. These are 2016 prices and will need to be re-evaluated annually as the EMV changes.

Phase 1 – 2016 Info.

LOT #	SIZE	CURRENT PRICE	COUNTY EMV	EDA RECOMMENDATION
Lot 1	1.24 Ac	Sold		
Lot 7	2.54 Ac	\$104,221	\$57,100	\$34,800
Lot 8	2.99 Ac	\$125,066	\$57,400	\$34,800
Lot 9	2.99 Ac	\$259,297	\$59,600	\$44,700
Lot 10	1.14 Ac	\$95,050	\$46,000	\$34,800

Hoy reported she then ran the Braham EDA's recommendation past David Drown, and he said the City has the ability to adjust assessment amounts, or accept a cash offer and cancel the assessments entirely. He said if the plan is just to forget about the deferred assessments (which he said he thought made a lot of sense at this point in time) the proper thing to do is to hold a supplemental assessment hearing and cancel them.

Hoy reported that if the council accepts the Braham EDA's recommendation, Resolution 16-9 calls for a supplemental assessment hearing to cancel the deferred assessments on the Industrial Park lots. The lot prices would be paid up front, with no TIF and no special assessments.

Seiberlich moved, and Kunshier seconded to adopt Res. 16-9 calling for a supplemental assessment hearing to cancel the deferred assessments on the Industrial Park Lots. Motion carried 4-0.

Hoy presented a spreadsheet with the initial assessments placed on the Industrial Park lots back in 2006, the land costs which she noted had not changed, and the increases in the assessments over the years with the 5.5% interest added annually that resulted in the current lot prices. She reiterated that with the cancelling of the deferred special assessments on the currently City-owned lots, tax increment financing or any other financing would not be offered.

Mayor Carlson opened the hearing for public and council comments and questions. Hearing none, Carlson moved, and Ethen seconded to adjourn the supplemental public hearing. Motion carried 4-0. The supplemental public hearing adjourned at 7:05 p.m.

Respectfully Submitted,

Sally A. Hoy
 City Administrator