BENTON COUNTY ECONOMIC DEVELOPMENT AUTHORITY (EDA)
MEETING MINUTES
May 3, 2016

Open the Meeting/Roll Call

President Buerkle called the meeting to order at 9:47 AM. Members Ed Popp, Jake Bauerly, Spencer Buerkle, Jim McMahon and Warren Peschl were present. Also present was Monty Headley, Benton County Administrator; Joe Janish, Department of Development Director; Brian Koester, County Assessor; and Vicki Feuling, Administrative Assistant

Approve/Amend the Agenda

Motion by Member Peschl, second by Member Popp, to approve the agenda as presented. Motion carried unanimously.

Approve/Amend the Minutes of March 15, 2016

Motion by Member Bauerly, second by Member Peschl, to approve the minutes of March 15, 2016 as written. Motion carried with Popp, Bauerly, Buerkle and Peschl voting aye and McMahon abstaining from the vote (was excused from the March 15th meeting).

Discuss Tax Abatement Inquiry

Headley explained that Benton County staff were approached by Jim Brownson, owner/ developer of the *Cove* property by Rice, asking if the County would be interested in providing any form of incentives that might encourage development of a portion of that property.

Janish stated that, currently, this property is raw land, approximately 101 acres zoned commercial. He stated that Brownson has inquired about possible retail development related to tax abatement; through the Planned Unit Development (PUD) that occurred, there were continued discussions about retail, along with potential office space, gas station, etc. Janish noted that the PUD documents may require revision (i.e. projected traffic numbers); the project could "trigger" an EIS (Environmental Impact Statement) or an EAW (Environmental Assessment Worksheet). He pointed out that the PUD did accommodate for a future interchange at this location (there were discussions with MnDOT). Janish stated that the location does contain wetlands, mostly in the southern area of the site; the private wastewater treatment facility would provide for wastewater for this commercial area (would not be private septic systems).

Janish stated that the developer is asking if the County Board has any level of interest in using tax abatement related to retail development; the development would have to be of sufficient size to be feasible to bring infrastructure to the site. Headley indicated that Brownson related his attempts, with a partner, to attract other kinds of retail to this site; no interest was received. Headley stated that Brownson's most recent idea for retail development at this site is an outlet mall.

Headley reported that Scott Larison, the County's outside counsel, has stated that retail does not qualify for TIF (Tax Increment Financing); however, tax abatement is an option. Headley noted that Benton County does have a tax abatement policy in place; the county has used tax abatement on a very limited basis. He inquired of the EDA's interest in potentially providing some form of incentive to perspective developers of this site. Bauerly pointed out that "there's commercial property up and down Highway 10 everywhere…if you do one, you'd have to do

them all…they'd have to come back and ask at that time if it's something large…" Headley stated that TIF and Tax Abatement should be subject to the "but/for" test—the development will not happen "but/for" the incentive provided. Buerkle inquired if this type of request meets the current tax abatement policy. Headley stated that it could, potentially, be eligible for tax abatement under the county's policy (total abatement shall not exceed 10% of tax capacity—mirrors state statute). McMahon stated his concern with traffic safety; he cannot see this project occurring without the interchange. Buerkle commented that Watab Township would have an interest in this issue as well. Several Board members stated the need for additional information.

Board consensus to consider requests for tax abatement for large projects on a case by case basis; of particular concern to the potential *Cove* project is the issue of road safety.

Discuss Delinquent Loans

Headley reminded Board members of the two delinquent Midstate Custom Cabinets loans; the borrower, Randy DeMarais, defaulted on loans totaling approximately $64,000 from the Benton County Economic Development Revolving Loan Fund. He stated that the Loan Committee has asked if the County Attorney would pursue a civil judgment against the borrower; the civil judgment would, potentially, be an obstacle to the borrower to obtain future financing. Headley indicated that he had made this request of the County Attorney's Office; no response has been received to date. He asked Board members of their interest in pursuing the civil judgment through the county's outside counsel (on a percentage basis) or, another option could be that the EDA make a formal written request of the County Attorney to pursue civil judgment. Buerkle inquired if the EDA can "turn over" this debt to a private collection agency. Through the discussion, another question arose as to whether or not a private collection agency can obtain the civil judgment or if the County EDA must obtain the civil judgment; further, if the private collection agency must have the civil judgment first in order to pursue collections. Peschl inquired if any "statute of limitations" exist that could end the County's ability to obtain the civil judgment against Mr. DeMarais. Headley stated the Loan Committee's concern that time may be running out on the County's ability to collect.

McMahon/Peschl unanimous that the County Administrator prepare a formal letter to the County Attorney, on behalf of the Benton County EDA, requesting responses to the questions raised related to Randy DeMarais' loan defaults; further, that the EDA requests a reply at the County Attorney's earliest opportunity.

Adjourn

President Buerkle adjourned the meeting at 10:08 AM.