



Inver Grove Heights Economic Development Authority
Monday, October 27, 2025 at 5:00 PM
8150 Barbara Avenue, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Stacy Bodsberg (sbodsberg@ighmn.gov). Comments received prior to 4:00 p.m. on Monday, October 27, 2025, will be provided to the EDA at or before the October 27, 2025 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Consent Agenda**
5. **Regular Business**
 - A. Resolution Regarding Return of TIF Dollars
 - B. Proposed Dickman Trail Redevelopment Project
6. **Closed Session**
 - A. Closed Session: Discussion of Offer to Sell Real Property
 - B. Closed Session: Discussion of Offer to Purchase Real Property
7. **Public Comment**

Public comment provides an opportunity for the public to address the Council on items that are not on the agenda. Comments will be limited to three (3) minutes per person.
8. **Commission and Staff Comments**
9. **Adjourn**



Request for Council Action

SUBJECT: Resolution Regarding Return of TIF Dollars

MEETING DATE: October 27, 2025
ITEM TYPE: Regular Business
CONTACT: Amy Hove, Finance Director, 651.450.2521

ACTION REQUESTED

The EDA is asked to consider the attached Resolution, directing the return of tax increment funds from TIF District 4-1 to Dakota County for redistribution to the appropriate taxing jurisdictions.

BACKGROUND

Tax increment financing (TIF) is a tool that cities and EDA's use to assist in the development and redevelopment of their communities. The City established TIF District 4-1 in 1991 pursuant to special legislation to assist in the development of a proposed regional mall. The development district was made up of almost 120 acres of land at the southeast corner of Interstate 494 and Highway 52. While the development agreement with the mall was terminated, the district remained in place and financed debt on the City's water treatment plant and other development projects, as well as provided financial assistance to the Blackberry Pointe affordable housing development.

TIF District 4-1 officially expired (decertified) at the end of 2019. At the time of expiration, there were dollars remaining in the fund which have continued to accrue interest. The only ongoing expense recorded to the fund is from the City's annual compilation and filing of TIF reports for the district, which are required until the fund has been fully expended. Otherwise, the use of these dollars is restricted to the following two options:

1. Fund affordable rental housing developments anywhere within the city; such developments require the project to reserve at least 20% of the units for families at or below 50% of the median income or 40% of the units for families at or below 60% of the median income.
2. Return the dollars to Dakota County for redistribution to the applicable taxing jurisdictions (City, County and School District). Upon receipt of its share of redistributed dollars, the City could utilize these funds for any city purpose.

In June 2020, the City transferred administrative authority of TIF 4-1 and related funding, to the City's Economic Development Authority (EDA); and adopted an Affordable Housing Development Program Policy. Since adoption of this program/policy, no affordable housing loans or grants have been approved and there are no active applications in process requesting dollars from this program.

In recent months, there have been discussions about whether the City should consider returning these dollars to Dakota County for redistribution so that the City can utilize the funds for any city purpose, instead of holding them strictly for affordable rental housing developments. Staff have reached out to Dakota County for an estimated breakdown of how these dollars would get redistributed once returned. Based on an estimated balance of \$4,344,014 and using 2025 tax rates,

the City could expect to receive \$2,411,058, ISD 199 \$985,353, and the County \$947,603.

Staff have brought forward this item for consideration now to ensure that if City wishes to use these dollars for a city project not related to affordable housing, staff can take the steps necessary to ensure those funds are available.

The attached Resolution has been prepared by the City Attorney for the EDA's consideration. The EDA should only pass this resolution if it supports option #2 and the return these TIF dollars to Dakota County for redistribution to the applicable taxing jurisdictions.

FISCAL IMPACT

If the City elects to redistribute these funds, the City will have \$2,411,058 available for any city project or initiative. However, in order for this to happen, \$1,932,956 currently held in the Fund will be redistributed to ISD 199 and Dakota County.

RECOMMENDATION

ATTACHMENTS

1. EDA Resolution Regarding Return of Tax Increment

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
DAKOTA COUNTY, MINNESOTA**

EDA RESOLUTION NO. _____

**RESOLUTION REGARDING RETURN OF TAX INCREMENT
FROM TIF DISTRICT 4-1 TO DAKOTA COUNTY**

WHEREAS, in 1991 the City of Inver Grove Heights (the "City") established Tax Increment Financing District No. 4-1 (the "TIF District"); and

WHEREAS, the TIF District was decertified in 2019 and the remaining balance of tax increment from the TIF District was retained for use in affordable housing projects within the community; and

WHEREAS, in 2020 the City transferred control, authority and operation of the TIF District to the Inver Grove Heights Economic Development Authority (the "EDA"); and

WHEREAS, by Resolution No. 20-02, the EDA established an Affordable Housing Development Fund Policy that established a loan and grant program with the balance of tax increment from the TIF District; and

WHEREAS, Resolution No. 20-02 provides that the City Council may, by resolution adopted at any time before the final expenditure of funds from the TIF District, determine to return such increment to Dakota County for redistribution to the applicable taxing jurisdictions in accordance with Minnesota Statutes, sections 469.174 through 469.179, as amended (the "TIF Act"); and

WHEREAS, the City Council is considering the return of this increment to Dakota County for redistribution at their October 27 meeting and if approved, and the EDA wishes to support that action.

NOW, THEREFORE BE IT RESOLVED, BY THE INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY:

- 1) If approved by the City Council, the EDA joins the City Council in directing the return of the balance of tax increment from the TIF District to Dakota County and requests that such funds be redistributed to the applicable taxing jurisdictions in accordance with the TIF Act.
- 2) EDA staff and consultants are authorized and directed to take any and all actions as may be necessary or convenient to carry out the intent of this resolution.

Adopted this 27th day of October, 2025, by the Inver Grove Heights Economic Development Authority of Inver Grove Heights, MN.

Sue Gliva, President

ATTEST:

Jason Ziemer, Executive Director



**Economic Development Authority
Staff Report**

SUBJECT: Proposed Dickman Trail Redevelopment Project

MEETING DATE: October 27, 2025

ITEM TYPE: Regular Business

CONTACT: Jason Ziemer, Community Development Director, 651-450-2546

PURPOSE/ACTION REQUESTED

The EDA is asked to receive an update and progress report regarding the industrial redevelopment project located on Dickman Trail, as proposed by Interstate Industrial LLC.

BACKGROUND

The Inver Grove Heights Economic Development Authority (EDA) entered into a Purchase Agreement (“Agreement”) with Interstate Industrial, LLC (Developer) on May 12, 2025, to sell four properties owned by the EDA; said properties are located on Dickman Trail and Dixie Avenue. The sale price for all four properties is \$721,360. On September 8, 2025, the EDA approved an extension to the closing date until January 15, 2026. The Developer is also under contract to acquire the adjacent two properties owned by the McPhillips family; the closing for that agreement was extended to December 20, 2025.

The new closing date between the EDA and Developer was to serve two purposes: 1) Grant the Developer the time necessary to work through the City’s approval processes; and 2) Allow the EDA and Developer to finalize costs and cost-share related to utility construction to service the development. On September 23, 2025, the Dakota County Community Development Agency (CDA) awarded a \$250,000 Redevelopment Incentive Grant (RIG) for the utility construction project related to this development, and the City was previously awarded a state grant to be put toward these costs as well.

Project Timelines

The Developer presented an initial timeline for project submittals and approvals; see below. However, the application submittal date was later delayed to November 3, 2025, as the Developer reported more time was necessary to continue working through their site plans. Despite that delay, and to keep moving forward in unison with State grant funding deadlines for the utility project, the EDA moved forward with approving the plans and bidding out the utility project. Those bids were opened on October 13, 2025; the low bid was under the estimated cost. The action item to accept the low bid and award that contract is currently on the October 27, 2025, City Council agenda.

Action Items	Projected Date
Draft Plans	Mid-September 2025
Pre-Application Meeting	On/Before September 25, 2025
Application Submittal	October 6, 2025

Planning Commission Hearing	December 2, 2025
City Council Action	December 15, 2025
Private Property Closing	December 20, 2025
EDA Closing	January 15, 2025
Construction	Spring 2026

Project Status

On Friday, October 17, 2025, the Developer informed the City of newly identified difficulties with the site, suggesting the development as initially proposed may not be feasible. The purchase agreement with the City, and subsequent grant funding from the State and CDA, calls for up to three industrial buildings of not less than 27,000 square feet. A primary issue identified during recent soil borings was the presence of significant bedrock.

A meeting with the Developer has been scheduled for Friday afternoon, October 24, to discuss potential solutions and impacts to the purchase agreement, grant funding and pending Dickman Trail utility project. If needed, a closed session was added to the October 27, 2025, EDA agenda, if there is an impact on our purchase agreement with the Developer, requiring reconsideration of the terms or other negotiable items.

FISCAL IMPACT

RECOMMENDATION

None at this time.

ATTACHMENTS

None