

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING SPECIAL MEETING
SEPTEMBER 8, 2025 - 8150 BARBARA AVENUE**

1. CALL TO ORDER

The Economic Development Authority (EDA) of Inver Grove Heights met in Special Session on Monday, September 8, 2025, in the Council Chambers at City Hall. President Gliva called the meeting to order at 4:30 p.m.

The Pledge of Allegiance was recited.

2. ROLL CALL

Present In-Person: President Gliva, Commissioners, Dietrich, Murphy, T’Kach, and Scales.

Staff in Attendance: City Administrator Wilson, City Attorney Nason, EDA Executive Director Ziemer, and City Clerk Kiernan.

3. APPROVAL OF AGENDA

Motion by Dietrich; Second by Scales; to Approve the Agenda as Published.

Ayes: 5

Nays: 0 Motion carried.

4. CONSENT AGENDA

A. Approve a Resolution, Authorizing an Extension to the Purchase Agreement with Interstate Industrial LLC. **EDA Resolution 2025-08**

Motion by Scales; Second by T’Kach; to Approve EDA Resolution 2025-08, Approving the First Amendment to Purchase Agreement for Interstate Industrial LLC for properties located on Dickman Trail & Dixie Avenue.

Ayes: 5

Nays: 0 Motion carried.

5. REGULAR BUSINESS

A. Receive and Discuss Draft Business Public Subsidy Policy.

EDA Executive Director Ziemer explained that the Development and Business Assistance Policy were originally adopted in 1999 through Resolution No. 99-202. The purpose of the policy is to serve as a tool in the City’s Economic Development toolbox. For applicants, the policy provides clarity on how and when the City becomes involved in projects. For the City, it establishes criteria and processes for making decisions while ensuring transparency. The policy allows the public to support the financial viability of private development, removes obstacles to development, and helps the City achieve certain community needs and goals. These goals include creating jobs, increasing the tax base, removing blight and contamination, redeveloping areas, and addressing other objectives as determined by the Economic Development Authority and the City Council. The policy also establishes criteria for public participation and sets forth clear processes. However, qualification under the policy does not guarantee public financial assistance. A “but-for” analysis must also be applied.

Types of business subsidies most used include business grants and loans, Tax Increment Financing, tax abatement, fee waivers, and land contributions or infrastructure support. Items that do not qualify as subsidies include local funding under \$25,000, such as revolving loan funds, façade improvement programs, and forgivable loans or grants. Utility installment

agreements, such as WAC/SAC payment plans, also fall into the category of non-subsidy support.

Business subsidies may be used to remove blight, encourage redevelopment, expand and diversify the local economy and tax base, and create or retain jobs. A minimum of two permanent full-time equivalent positions with benefits is required. Wages associated with the positions must equal 200% of the State minimum wage, which for 2025 is \$11.35 per hour, making the requirement \$22.26 per hour. Subsidies may also encourage additional unsubsidized development, offset increased costs over/above normal development, and promote other community benefits, such as quality development design.

All types of financial assistance, whether business subsidy or non-business subsidy, require a formal application, along with an application fee and escrow to cover costs. City staff and financial consultants review the application and prepare materials for consideration by the EDA. The EDA evaluates requests and makes recommendations to the City Council. The applicable body then conducts a required public hearing. The process establishes both minimum and desired qualifications. Priority development areas include the Concord Boulevard Neighborhood Plan, So. Robert Trail, 70th Street West, Arbor Pointe, and the Cahill Commercial Area. In addition, the 2040 Comprehensive Plan identifies specific focus areas for priority development. A subsidy agreement is required for all business subsidy and non-business subsidy assistance. There is also an option for a pre-application review.

Next steps include completion of final edits to the policy and scheduling public hearings before both the EDA and the City Council. Consideration will also be given to scheduling a Special Meeting of the EDA to hold the public hearing and adopt the policy.

Commissioner Murphy inquired as to if one firm conducts the “but-for” analysis or if there are several firms to choose from. Ziemer stated that their current financial advisor is Ehlers and would use them to conduct that type of analysis.

Commissioner Murphy questioned if data is kept on how often the analysis determines whether a project can or cannot proceed without public financing. Ziemer explained that project requests are fully analyzed with Ehlers, and staff provide a recommendation on whether they qualify. Most non-qualifying projects are advised upfront, though applicants may still proceed, and all related data is public record. Murphy noted that Ehlers provides this service for other cities and asked if easily accessible data is kept on how often the analysis results indicate that assistance is or is not needed, broken down by company or firm. Ziemer stated that he did not know and would need to confirm with Ehlers.

Commissioner T’Kach stated that the updates were helpful and appreciated. Referring to Section 4.1G, the Yellow Tree Project raised questions about reputation last year. How would staff or the City evaluate a business’s reputation, given that Section G references general reputation near its conclusion. Ziemer explained that requests are evaluated primarily from a financial perspective. If a developer or business owner has a history of issues such as bankruptcies, this body would want that information when considering approval or denial. Such matters are generally addressed on a case-by-case basis as projects move through the process.

Commissioner T'Kach recalled that previous discussion indicated it was not within their role to evaluate subcontractor pay or treatment. T'Kach inquired as to if parameters exist for this, noting her understanding that contractors and subcontractors are not required to be paid full-time job wages, unlike long-term business employees such as those in retail who must be paid at least 200% of the state minimum wage. She questioned whether those distinctions are accurate.

Zierner stated that he was not present when the Yellow Tree project decision was made and did not know the context of the concerns at that time. He noted that subcontractors are separate from the assistance provided to the developer or business, and that wages are tied to the business being created or supported. Housing assistance is not considered a business subsidy but that all requests are proposed to follow the same review process.

T'Kach noted that one issue with the Yellow Tree project involved whether the City would apply Northwest Area fee rates or non-Northwest Area rates for utility connections, and the City Council approved the lower rate (non-Northwest Area fee rates). She suggested that further discussion may be needed to clarify parameters in this area and offered that for consideration.

President Gliva recalled that concerns with the Yellow Tree project involved contractors not being paid appropriately and the topic was brought forward by an outside organization. She stated that while it is not the role of policymakers to oversee subcontractor payments, issues that come to light should be addressed. She emphasized that the focus should remain on compliance with established policy criteria and did not support creating policy on subcontractor payments.

Commissioner Murphy stated that it is not the role of the Commission or Council to dictate how a business operates. If businesses follow City rules, denial would be difficult and cautioned against expending significant staff time investigating every developer, as information provided is not always accurate.

Commissioner Scales stated that his understanding of the matter at that time was that it involved a dispute between two parties, and it was not their role to determine which side was correct given the limited information. He emphasized that it was not their place to re-litigate the subcontractor issues.

Commissioner T'Kach agreed with Commissioner Scales that the earlier matter involved two sides presenting conflicting information. Referring to Section 4.1G on *General Reputation*, she asked how staff ensure that businesses the City partners with are reputable, noting that past legal issues, such as lawsuits resolved against a company, should be considered to protect the City's reputation and ensure value.

Commissioner Scales stated that it is the Council's role, not staff's, to evaluate applications once a company meets the requirements and is recommended for approval. Council must consider the full application, including background factors, but cautioned against requiring staff to conduct extensive investigations on every application before it reaches the Council. Zierner explained that staff review requests in a straightforward manner, evaluating applications against established criteria and assessing whether the financial gap identified is reasonable based on the data provided. He stated that staff recommendations, whether approval or denial, are intended to show how a project aligns with policy and to provide Council with the information needed to decide whether to support the project. He

emphasized that staff aim to keep the review objective and data-driven, while noting that additional information is considered as it arises.

Commissioner Murphy noted that business subsidies should not be used when an applicant's credentials in the sole judgement of the City are inadequate due to previous history related to completion of projects, general reputation, or bankruptcy or other problems or issues considered relevant to the City. He stated that this relates to the quality of work and financial reliability and suggested that the term general reputation may not belong in the policy language.

President Gliva commented that the term *general reputation* appears subjective and somewhat arbitrary. Inquired if the reference to non-business refers to housing. Ziemer confirmed that it is correct.

Gliva inquired about the timeline for potential changes and adoption, and whether the goal was to move forward with adoption at this time.

Ziemer stated that a regular EDA meeting is scheduled for October 13 and that a special EDA meeting could be held on October 6, coinciding with the City Council Work Session. The intent is to bring the matter forward at one of those meetings. Since no substantial changes were identified, staff can incorporate minor adjustments to the language and prepare the document accordingly.

Gliva stated that the proposed timeline would be acceptable.

Ziemer stated that he would complete the revisions and distribute the final document in advance to allow additional time for review.

Gliva stated that the target date for consideration would be either October 6 or October 13, depending on scheduling.

6. PUBLIC COMMENT None.

7. COMMISSION AND STAFF COMMENTS None.

8. ADJOURN

Motion by Murphy; Second by Scales; to Adjourn at 4:58 p.m.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Tammy, Greenlee, Recording Secretary.