

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING
MONDAY, APRIL 13, 2026 - 8150 BARBARA AVENUE**

1. CALL TO ORDER

The Economic Development Authority (EDA) of Inver Grove Heights met in Regular Session on Monday, April 13, 2026, in the Council Chambers at City Hall. President Gliva called the meeting to order at 5:30 p.m. The Pledge of Allegiance was recited.

2. ROLL CALL

Present In-Person: Commissioners: Dietrich, T’Kach, Scales

Remote: President Gliva

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

3. APPROVAL OF AGENDA

Motion by T’Kach; Second by Gliva to Approve the Agenda as published.

Ayes: 5

Nays: 0 Motion carried.

4. CONSENT AGENDA

A. Minutes of the February 23, 2026, Economic Development Authority Meeting.

B. Approval of Claims.

Motion by Dietrich; Second by Gliva to Approve the Consent Agenda.

Ayes: 5

Nays: 0 Motion carried.

5. REGULAR AGENDA

A. Continue SAC Credit Policy Discussion.

Executive Director Ziemer presented an update on the SAC Credit Policy and reviewed proposed policy revisions, a sample SAC analysis, and the next steps for EDA and City Council adoption. SAC determinations are made at the time of building permit issuance. New construction and changes in use trigger SAC determination. If a change in use triggers SAC determination, the applicant pays the difference, such as when an office is converted to a restaurant. If the new use requires less SAC, no additional SAC is due, such as when a restaurant becomes an office. MCES SAC units are also applied to City SAC and WAC fees. SAC credits are created when a new use requires less SAC than the previous use, and the City must determine whether those credits remain with the property or are captured for community-wide use. Current MCES SAC credits total 66 units at a value of \$2,485 per unit, for a total value of \$164,010.

Proposed policy revisions include adding review criteria for businesses not specifically listed as eligible, removing the requirement to demonstrate financial hardship, and requiring EDA review and City Council approval rather than using an administrative process. The policy would continue to allow optional payment arrangements, grants, and forgivable loan programs. Credits would be made available on a first-come, first-served basis. Applicants would be limited to one application per year and no more than two applications within a three-year period. The policy would also allow the

City to charge an application processing fee if desired, although staff is not recommending charging one at this time. Agreements would also be required for approved applications.

Eligible businesses under the policy would include food and beverage, entertainment, retail, and small manufacturing businesses. Ineligible businesses would include those without a physical location in the City, non-profit organizations, national chain businesses, adult-oriented, gambling, cannabis-oriented, and businesses that do not meet the stated purpose and objectives of the policy. Additional eligibility criteria would apply to businesses that are not specifically listed as eligible but are also not listed as ineligible. These businesses would need to have 40 or fewer employees and either hire at least two full-time employees or retain existing full-time employees. Economic impact would also be considered, including whether the business supports property revitalization through infill, rehabilitation, repurposing, or blight removal. Desired outcomes include increasing tax value, improving district aesthetics, supporting environmental cleanup, or other outcomes identified by the EDA or City Council. Preference would also be given to projects located in development and redevelopment focus areas identified in the comprehensive plan or in neighborhood, small area, or master plans.

The policy includes several alternative program options. The first option is a payment arrangement structured as a no interest or low interest loan that would only apply to City SAC and WAC connection fees, not the MCES SAC fee. These arrangements could include terms for a down payment, a maximum repayment period of 12 months, an interest rate, and provisions for failure to pay. The second option is a grant, where the amount could either be paid in full or through a payment arrangement and then reimbursed according to established terms and conditions. The third option is a forgivable loan, which would follow the payment arrangement model but allow payments to be waived if conditions are met. The policy would also include the ability to claw back any balance due or terminate a grant if requirements are not met. Businesses receiving assistance with more than \$25,000 would be required to complete a business subsidy application.

For example, a new restaurant project with a gross SAC determination of 7.0 units and no existing SAC. This resulted in 7.0 units of new SAC due, totaling \$17,395. Because the business would be eligible for the program, 80 percent of the SAC due was calculated at 5.6 units, which was then rounded to 6.0 units. However, the policy maximum limits the credit to 5.0 units. After applying the maximum credit, the business would still owe 2.0 SAC units, totaling \$4,970. This would provide savings of \$12,425.

A new restaurant project would be considered an eligible business under the policy. The SAC determination for the project would be 7.0 units with no existing SAC because it is new construction. This would result in 7.0 units of new SAC due, totaling \$17,395. 80% of the SAC due would equal 5.6 units, which would then be rounded up to 6.0 units. However, because the policy limits credits to a maximum of 5.0 units, the business would receive 5.0-unit credit and still owe 2.0 SAC units, totaling \$4,970. This would provide total savings of \$12,425 for the business.

Another example involving a restaurant with a change in use that would still qualify as an eligible business under the policy. The SAC determination for the new use would be 6.0 units. Because there is already 1.0 SAC unit associated with the property, the new SAC due would be reduced to 5.0

units. Applying the policy, 80% of the new SAC due would equal 4.0 units. Since 4.0 is already a whole number, no additional rounding would be needed, and the maximum available credit under the policy would be 4.0 units. The policy allows flexibility, meaning the City could award anywhere from no credit up to the full 4.0 units. If the business received the full 4.0-unit credit, it would still owe 1.0 SAC unit, which equals the baseline MCES SAC fee of \$2,485. This would provide total savings of \$12,425 if the business applied for and received SAC credit.

The last example involved a conversion of existing office space into retail, which would be considered a change in use. This was a sample scenario created by staff rather than an actual project. In this case, the gross SAC determination would be 2.0 units. Because there is already 1.0 SAC unit associated with the property, the new SAC due would be reduced to 1.0 unit, totaling \$2,485. Applying the policy, 80 percent of the SAC due would equal 0.8 units, which would round up to 1.0 unit. However, the policy does not allow the SAC owed to be reduced to zero, meaning the business would still need to pay at least 1.0 SAC unit. As a result, the business would still owe \$2,485. The savings in this case would come from the existing SAC already attached to the property rather than from the SAC credit itself, resulting in a savings of \$2,485.

If each business received the maximum SAC credit for which it was eligible, a total of 20 SAC credit units would be used. With 66 SAC credit units currently available, that would reduce the remaining balance to 46 units. The policy also provides flexibility in determining how many SAC credits are to be awarded. Even if a business qualifies for the maximum amount, such as a restaurant eligible for 5.0 SAC credits, the City could choose to award a smaller amount, such as 3.0 credits instead. The policy also includes a provision that would allow the City to award up to 10.0 SAC credits for a business that is considered especially desirable or one the City has been actively trying to recruit. In those cases, the reasons for awarding additional SAC credits would need to be identified and supported through the policy.

Staff requests any additional edits, comments, or information that may be needed before moving forward with adoption of the SAC Credit Policy. The goal would be to adopt the policy at the June 8 EDA meeting and then move it to the City Council later that same day. Additional information was also provided from follow-up discussions with the Metropolitan Council regarding SAC questions, including whether SAC credits expire.

Commissioner T'Kach inquired as to if the City can gain additional SAC credits when businesses leave a property. Ziemer stated that if a business leaves and the new use requires fewer SAC units, the difference becomes available as SAC credits. For example, if a previous business used 10 SAC units and the new business only needs 5 SAC units, 5 SAC credits would become available. The City can either keep those credits with the property or capture them for community wide use. If the credits remain with the property, they must stay there for five years before the City can use them elsewhere.

Commissioner T'Kach questioned whether there is a limit on the number of SAC credits a business can receive and noted that the draft policy limits businesses to two applications within three years. Could a business return in the fifth year and apply for additional SAC credits. Ziemer stated that the policy only limits businesses to two applications within a three-year period. After five years, a

business could apply again if it remains eligible. The business would still need to apply, and the City would evaluate the request based on factors such as whether the business is expanding and the specifics of the proposal at that time.

Commissioner Murphy asked for clarification on whether the application limit applies at the applicant level rather than the City level and noted that additional clarification in the policy language may be helpful. Was curious as to whether the employee threshold of 40 employees should distinguish between full time and part time positions. Ziemer stated that the draft policy does not currently include that level of detail. Maintaining some flexibility in the policy may be beneficial, since setting specific requirements for the number of full time versus part time employees could make it more difficult for some businesses to qualify. From his perspective, whether employees are full-time or part-time may not be especially important.

Commissioner T'Kach inquired as to whether the policy could use a standard based on full-time equivalents rather than a simple employee count, noting that a business could have a larger number of part-time employees that equal fewer full-time equivalent positions. Ziemer stated that it is difficult to know what types of businesses may apply under the additional eligibility criteria. This criterion is intended for businesses that are not specifically listed as eligible or ineligible but may still be a good fit for the program. The 40-employee threshold may already be somewhat high and that the intent is generally to support smaller businesses. He said he would be hesitant to make the requirements too specific because a business with fewer full-time employees and more part-time or seasonal workers could still be an excellent fit for the program.

Commissioner Gliva stated that using full-time equivalent calculations may be too detailed for the purpose of the policy and inquired as to whether any businesses have already expressed interest in receiving SAC credits. Ziemer stated that no businesses have asked about SAC credits yet, in part because the City does not currently have the program in place to promote as a business attraction tool. Some Cities use SAC credits to attract businesses such as restaurants by reducing startup costs. The program could be especially valuable for existing businesses that are looking to expand, add employees, introduce new service lines, or grow their operations.

Commissioner T'Kach noted that, under the proposed policy, the City Council could waive some of the parameters or requirements. She asked whether a restaurant expansion with only 20 employees that planned to add a few more employees could still be considered even if it did not meet the 40-employee threshold. Ziemer explained that restaurants are already specifically identified on the eligible business list, so they would not need to meet the additional criteria. The additional criteria is intended for businesses that are not specifically listed as eligible or ineligible but may still be a good fit for the program. The City would have flexibility to consider those businesses on a case-by-case basis and determine whether they would be a good investment for the community.

Ziemer then inquired as to whether there was support to bring the policy back for adoption at the June 8 meeting. It was agreed that the policy would follow the same process used for the Business Subsidy Policy, with adoption by the EDA and City Council on the same night.

A. EDA Executive Director Update

Executive Director Ziemer provided an update on residential development activity currently underway in the community. Builders Lot Group is advancing Peltier Reserve 4th Addition near 70th Street and Argenta Boulevard, which includes 33 single-family homes and a 196-unit apartment building. Builders Lot Group is also discussing Blackstone Vista near Highway 55 and Argenta Court adjacent to Vista Pines Park, with plans for 55 single-family homes in the first phase and 71 single-family homes overall.

Pulte Homes is moving forward with Dawson Woods near Yankee Doodle Road and Argenta Trail south of Highway 55, which would include 46 townhome units. Lennar is also working on Kingston Cove at 70th Street and Angus Avenue, which is planned for 164 single-family homes. MV Ventures and Nord 61 are continuing work on a preliminary plat for 119 townhome units and are currently addressing stormwater requirements. Dakota County CDA is also proceeding with Hillcrest Pointe Phase II, which would add 66 senior apartment units. Hillcrest Pointe Phase II is expected to move closer to construction later this year. The project will include 66 units and represents the final phase of the senior apartment development.

A senior apartment development is also being considered in the Argenta Hills neighborhood. The developer is working with staff to address drainage issues on the site before moving forward. Additional interest has also emerged for nearby parcels, including a possible revival of a previous apartment and townhome concept by a different developer.

Another development proposal near Dickman Lake would consist entirely of single-family homes, including a mix of higher-end homes and smaller lot residential lots. A nearby property owner may also pursue development in coordination with that project. Access would initially come from Robert Trail to the south, with a future connection to Angus Avenue planned once additional roadway improvements occur. Sewer utilities for the project would cross through Harmon Park Reserve. At the corner of 65th Street and Buckley Way, developers have expressed interest in a senior workforce housing project. The site is guided and zoned for apartment development. Because CDA tax credits are already committed for the next two years, the project is likely on a longer timeline while the developer works through setback and property-related issues.

Commercial and industrial projects include a new Culver's restaurant, which could begin construction soon pending building permit approval.

MC's Pub is also moving closer to opening, with a May opening date planned for the beer pub location.

So Good So You has purchased an existing building and is in the process of building out the space. It is still unclear whether the facility will be used for production or only for packaging and bottling. The location will not operate as a retail storefront and is known for its juice shots.

Inver Grove Toyota is planning major site changes, including a structured parking addition that would also benefit Inver Grove Honda. The proposal has been reviewed by the Planning Commission but has been delayed while site design issues are addressed.

There is also interest from two developers in the 80th Street industrial property west of City Hall. Both are exploring industrial development like the existing United Properties development south of Highway 55.

Mayor Dietrich asked to see the Hillcrest Pointe CDA property on a map, noting that some seniors had recently asked how the development could fit on the site. She commented that she had similar questions about how Chipotle would fit on the site. Ziemer stated that the project has received all necessary approvals from the City Council and that the Site Improvement Agreement has been signed. The building will have a similar layout to the existing structure, with the longer portion of the building running along the street and the L-shaped section extending along the north side of the property. The development will include 66 units, slightly fewer than the existing building, and will use the same entrance configuration.

Mayor Dietrich stated that she had recently heard from Dakota County that a groundbreaking event for the project may take place during the week of April 27 through May 1 and noted that the project appears to be moving forward soon.

Executive Director Ziemer stated that staff are finalizing the plat for the Highway 52 and Blaine Avenue properties so it can move through the approval process. The plat will separate the developable land from McGroarty Park to the west. Staff have been working through title and property issues, and once those are resolved, the matter will return to the EDA for further discussion. All due diligence work, including soil borings, has already been completed.

The Golf Course property closing was delayed after staff discovered that the EDA did not have its own EIN tax number. Although the EDA already owns other land in the County, the missing EIN created an issue during closing. Staff have since been working through that process so the property acquisition can be completed.

Commissioner Scales asked how that had been handled in the past. Ziemer stated that because the EDA already had its name on other properties, staff initially assumed an EIN already existed. After working with the IRS and checking multiple possible names, no existing EIN could be located, so staff were advised to apply for a new one. Once that final step is completed, the property can be formally recorded and finalized. Scales stated that the property became a significant topic of discussion at the 70th Street County meeting, with some residents focused on 70th Street and others focused on the property itself. Ziemer stated that staff continues to receive inquiries about the property and has spoken with several developers. One concept included a senior housing project with dining space or a restaurant component. While some developers are only exploring what assistance may be available, others have expressed more serious interest. Staff expect to have additional discussions with the EDA about next steps for the parcel.

Regarding the Dickman Trail property, the Interstate project is no longer moving forward. Staff have continued discussions with several interested parties, although some proposals have not aligned with the type of use the EDA would prefer. One group that had previously expressed interest after the Interstate project has since returned with a potential user and is seeking a meeting with staff.

6. PUBLIC COMMENT None.

7. COMMISSION AND STAFF COMMENTS None.

8. ADJOURN

Motion by T'Kach; Second by Dietrich to Adjourn at 5:37 p.m.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Tammy Greenlee, Recording Secretary.