



**CITY COUNCIL, HOUSING AND
REDEVELOPMENT AUTHORITY MEETING
MINUTES
Richfield, Minnesota**

**City Council, Housing and Redevelopment
Authority Work Session**

March 6, 2023

CALL TO ORDER

Mayor Supple called the work session to order at 6:00 p.m. in the Bartholomew Room.

Council Members Present: Mary Supple, Mayor; Simon Trautmann; Ben Whalen; Sue Christensen and Sean Hayford Oleary

Council Members Absent: None

HRA Members Present: Mary Supple; Gordon Hanson; Lee Ohnesorge and Sean Hayford Oleary

HRA Members Absent: Erin Vrieze Daniels

Staff Present: Katie Rodriguez, City Manager; Melissa Poehlman, Executive Director; Julie Urban, Assistant Community Development Director.

Others Present: Julie Eddington, HRA Attorney; Rebecca Kurtz and Jeanne Vogt, Ehlers/HRA financial consultants; Tracy Smith, Best Buy; Dan Lopez, Best Buy; Bill Griffith, Larkin Hoffman

ITEM #1	DISCUSS BEST BUY'S REQUEST TO TERMINATE THE MINIMUM ASSESSMENT AGREEMENT BETWEEN THE CITY OF RICHFIELD AND BEST BUY.
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Housing and Redevelopment Authority (HRA) Executive Director Melissa Poehlman explained that the purpose of the work session was to discuss a request from Best Busy Corporation to terminate the Minimum Assessment Agreement between the City and Best Buy. Director Poehlman introduced Tracy Smith, Senior Director and Tax Counsel from Best Buy Corporation who provided information on the development of the corporate campus, the taxes paid, and Best Buy's support of the community. Counsel Smith described the changing office market and explained that Best Buy is asking for a termination of the Minimum Assessment Agreement (MAA) once the bonds are paid in February of 2024.

Rebecca Kurtz, HRA financial consultant, presented background information on the Interchange West/Lyndale Gateway Tax Increment Financing (TIF) District, its obligations and collections to-date, the HRA's use of pooled increment, and the purpose of the Minimum Assessment Agreement. She reviewed the financial impact terminating the MAA early could have on the HRA and Best Buy, based on four potential scenarios. She reminded policymakers that ultimately, the assessed value is determined by Hennepin County, so she is only able to share estimates.

Executive Director Poehlman concluded the presentation, explaining the impacts the corporate campus development has had on the community, where staff and Best Buy have come to agreement, and confirming that discussions continue on several items.

In response to a question from Councilmember Ben Whalen, Counsel Smith confirmed that Best Buy agrees that the Richfield HRA should not be harmed by this request and is working with staff to address the financial impact early termination of the MAA would have on the HRA.

Council member Whalen asked how the money saved from lower property taxes would be used. Bill Griffith, Larkin Hoffman, confirmed that it was to make the campus competitive, so it would be attractive to tenants in this difficult market.

Council member Trautmann stated that he'd like to see the campus interact more with the community and that it is important that the solution not be at the expense of affordable housing needs.

In response to a question from Council member Hayford O'Leary, Executive Director Poehlman discussed the remaining issues yet to be resolved. Counsel Smith reviewed the tight timeline for needing an answer to make the County's assessment schedule, and the need to take advantage of tenants seeking space now.

In response to questions from Council members Hayford O'Leary and Trautmann, Executive Director Poehlman confirmed that the amount of money in dispute is larger than just the amount of money yet to be collected for the HRA's programs, but that if that amount is agreed to, staff would be comfortable recommending the MAA be terminated early.

HRA Commissioner Hansen questioned whether the County and school district would need to agree to the plan. HRA Attorney Julie Eddington explained that while a termination would require that approval, Best Buy counsel believes that a modification would not. Executive Director Poehlman clarified that the TIF District and the base value on which County and school district tax collections are based will remain in effect and just the MAA will be affected.

Council member Trautmann and Mayor Supple both stated that they will want to see that all issues are resolved in an agreement regarding the MAA.

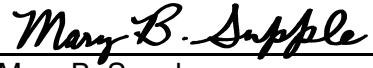
In response to a question from Mayor Supple, Counsel Smith stated that their objectives are to pay an accurate amount of property taxes based on the fair market value and to be able to competitively market the building to tenants. She confirmed that half the office space is currently being used by Best Buy.

Executive Director Poehlman concluded the work session by summarizing that she heard policymakers state that they are open to finding a solution as long as all of the outstanding issues are addressed and the community isn't subsidizing Best Buy. She forecast that the item is tentatively scheduled for the March 20 HRA agenda, but several items would need to be worked out before that meeting.

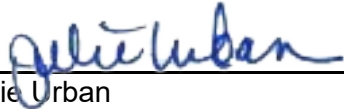
ADJOURNMENT

Mayor Supple adjourned the work session at 7:03 p.m.

Date Approved: March 28, 2023



Mary B. Supple
Mayor



Julie Urban
Assistant Community Development Director



Katie Rodriguez
City Manager