

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, SEPTEMBER 10, 2007

1. CALL TO ORDER

President Doug Hayes called the meeting to order at 7:01 p.m.

2. ROLL CALL

Commissioners present: Jim Dickinson, Robert Eddy, Dave Gast, Doug Hayes, Chuck Heitz, Lori Kampa, Norm Leslie, Jim Sanford, and Jim Zwilling.

Also present: Community Economic Development Director Jim Thares, City Administrator Scott Johnson, City Planner/Community Development Assistant Leslie Chmielewski, and Economic Development Assistant Sandy Petrowski.

3. ADOPT AGENDA

Commissioner Dickinson motioned to adopt the agenda, with the removal of Item #4, Approve BLEDA Meeting Minutes from August 13, 2007, which will be forwarded for consideration at the October BLEDA meeting. Seconded by Commissioner Sanford, unanimous ayes, motion carried.

4. APPROVE BLEDA MEETING MINUTES FROM AUGUST 13, 2007 – Item moved to the October 2007 BLEDA meeting.

5. BUSINESS

5A. BIG LAKE INDUSTRIAL PARK EAST

5A-i. Update: Paragon Store Fixtures

Community Economic Development Director Jim Thares reported it appears that the construction activities and landscaping requirements for the 25,800 sq. ft. expansion project have been completed; however, the process is currently at a standstill as City staff is waiting for Paragon to provide the requested documentation in order to complete the two (2) unexecuted economic development loans (i.e., a \$155,000 loan from MnDEED and a \$35,000 loan from the Big Lake Economic Development Revolving Loan Fund, which are both secured loans for the purchase of equipment), as well as their Tax Increment Financing (TIF) documentation. He further noted that at some point, MnDEED will require that the project be initiated or that the funds be returned. For information only; no action required or taken by the Board.

5A-ii. White Bear Clothing – Proposed Expansion

Mr. Thares briefly discussed White Bear Clothing's (WBC's) proposed expansion to its existing 20,160 sq. ft. facility; noting that the Joint Planning Board recently met to review WBC's request for a variance from the north side yard setback and the project site plan for the proposed addition, which they approved contingent upon the contactor correcting some drainage issues as well as allowing for the required landscaping. It was noted that further clarification of whether or not "proof of parking" is required would also need to be discussed when the City Council reviews the variance request and site plan at its September 26th meeting. No action required or taken by the Board.

5A-iii. Prospects Report

Mr. Thares reported that staff had not received any new industrial contacts since the last BLEDA meeting. For those BLEDA Commissioner who were unable to attend the tour of the Viper Powersports facility earlier in the evening, he noted that staff is currently discussing with Viper Powersports the possibility of a potential relocation of their business to a larger facility. As there were some out-dated prospects still remaining on the listing, staff will update the prospects list by removing the out-dated prospects and provide a revised prospects listing at the October BLEDA meeting.

5A-iv. Industrial Park Expansion

Community Economic Development Director Thares reported that staff has scheduled a meeting with Bruggeman officials within the next two weeks to discuss the latest proposal for an expansion to the industrial park and that a meeting of the Industrial Park Expansion Project Committee will be scheduled in order for the Committee to review the proposal. The BLEDA provided several comments to staff on the layout of the proposed expansion included in the meeting packet; these comments will be forwarded to both Bruggeman and the Industrial Park Expansion Project Committee.

5A-v. Update: Ataboy Building

Mr. Thares reviewed Finance Director Corey Boyer's September 7th memorandum. Also reviewed was the August 14, 2007 letter received from Ken and Margaret Paumen concerning the revolving loan that had been provided to Ataboy Manufacturing, the amount of \$12,000 which they are offering to pay against the outstanding \$62,700 revolving loan balance, and their request for a credit for the \$35,000 TIF loan which they state that they have never received. Mr. Boyer's memorandum clarifies that the TIF dollars should not be considered in the current discussions due to the following reasons: 1) the Revolving Loan was provided to assist with equipment purchases, which are not TIF-eligible expenses, so the revolving loan should not be reduced with a credit from

unpaid TIF proceeds; and 2) the TIF subsidy was provided in the form of a separate note which included separate provisions for TIF distribution and, having defaulted on several of the TIF note provisions, they would not be eligible to receive the TIF at this time and should not be provided a credit against the revolving loan balance.

It was noted that staff has been attempting to minimize the loss from this revolving loan default and that payment of the entire outstanding balance may not be feasible; however, staff will continue to work with the former owners to agree on an amount acceptable to both parties. Staff asked for the Board's direction as to the amount that would be an acceptable settlement for this negotiation.

Commissioner Dickinson stated that it would be important to know, based on the original forecast for tax increment dollars that were to come in, what was compromised by the bank payoff of the resulting back taxes payment, which resulted in a portion of the forecasted increment being paid.

Commissioner Dickinson suggested that clarification should be requested from the Bond Council regarding the ability to utilize the tax increment funds in order to make the utility funds whole, as the utility funds put forth the revolving loans.

Mr. Thares stated that staff would research the items discussed (the loan exposure and the personal guarantee) and bring back further information at the next meeting.

5B. RESCHEDULE OCTOBER BLEDA MEETING

Mr. Thares reported that, due to the October 2007 BLEDA meeting date falling on Columbus Day, which is a holiday that is observed by City Hall, staff is asking the BLEDA to reschedule the October 8th regular meeting.

Commissioner Dickinson motioned to reschedule the October 8th meeting date to Tuesday, October 9, 2007 at 7:00 p.m. at City Hall. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5C. MARKETING IDEAS

Mr. Thares discussed the marketing strategies/campaign ideas supporting community economic development that staff has been working on and that additional efforts need to be done to identify a more complete list so a budget menu can be drafted for the BLEDA's review. He further stated that the goal would be to pursue co-op marketing structure that is financially supported by numerous entities such as utility firms that serve the community, the Chamber of Commerce, developers, and businesses.

It was reported that a meeting was recently held with staff, BLEDA Commissioner Heitz, and Dynamics Development officials to discuss ideas to jointly promote development within Big Lake Marketplace and other areas of the community as well as part of a joint campaign. Dynamics representatives indicated that they would be available at a future BLEDA meeting to further discuss joint marketing ideas and to update the BLEDA on the prospects and sales that they currently have within Big Lake Marketplace.

The Board discussed the importance of including all available sites within the City being included in any marketing plans.

It was the consensus of the Board to direct staff continue to investigate the advertising costs of different venues and bring back for the Board's consideration at a future meeting.

5D. UPDATE: BIG LAKE PLAZA/LAKE SHOPPING CENTER

5D-i. Update: Sale of East End of Shopping Center

Mr. Thares reviewed his September 5th memorandum regarding the signed purchase agreement recently received from Dr. Sealock, noting that the document was revised by the purchaser to contain a contingency regarding financing and which did not identify a closing date. He further stated that the City attorney has advised staff to: 1) not execute the purchase agreement provided by Dr. Sealock; 2) insert the closing date of October 24, 2007 (which is the date that was previously provided by Dr. Sealock); and 3) return the agreement to Dr. Sealock for his signature and for him to bring to closing. Mr. Thares requested the Board's input and direction on this issue.

It was the consensus of the Board that, if a fully executed revised Purchase Agreement is not received and the closing does not take place by October 24, 2007, then the property should be re-marketed.

5D-ii. Sign Project – West Side of Shopping Center

Mr. Thares reported that the terms of the sign lease were submitted to the City Attorney for the creation of a formal lease; the Attorney has requested, and has received, additional information from staff. He also stated that staff has asked Mr. Krutzig about the payment of \$50/month for sign rental/lease; however staff has not received a response to-date. The Board was asked for their comments/direction on the rental/lease amount for the sign.

The Board discussed the importance of dividing the total rental/lease sign fee between all participating businesses at the Shopping Center once the work is completed on the two (2) signs.

5E. DOWNTOWN REDEVELOPMENT (HIGHWAY 10 & COUNTY ROAD 5)

5E-i. Update: Redevelopment Project and Grant Application

Mr. Thares reported that staff met with Nelson Development officials to review financial information for their version of a redevelopment project and that the Letter of Intent (LOI) submitted by Nelson Development is being reviewed by the City Attorney. He also stated that staff has been informed that the MN-DEED redevelopment grant application that was submitted for this project area is being reviewed with all other submittals and that a final decision regarding funding awards will be released in October or early November, 2007.

Mr. Wayne Elam, Nelson Development, was in attendance to discuss the proposed redevelopment project and to answer questions of the Board. Mr. Elam stated that as soon as the LOI is executed, site plan concepts will be provided to City staff.

Staff will continue to work with Nelson Development on the execution of the Letter of Intent and further information will be provided at the next BLEDA meeting.

5E-ii. Site Control

Mr. Thares reviewed his September 7th memorandum regarding the status of the three (3) land parcels that the City is negotiating to obtain for the Eagle Lake Road to Fern Street Road Improvement project. For information only; no action taken by the Board.

5F. PROJECT STATUS REPORT

Mr. Thares reviewed the August 2007 report and answered questions of the Board.

5G. EDA BUDGET - For review only; no action taken or required by the Board.

5H. NORTHSTAR TRANSIT ORIENTED DEVELOPMENT (TOD)

Mr. Thares reported: 1) the train maintenance facility is progressing; 2) grading is being done for the parking lot area and rail right of way for the train parking lot site; 3) the groundbreaking took place on September 6, 2007; and 4) the Big Lake TOD Committee will meet on September 19th.

6. OTHER – None.

7. ADJOURN

Commissioner Heitz motioned to adjourn the meeting at 8:10 p.m. Seconded by Commissioner Dickinson, unanimous ayes, meeting adjourned.