

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, AUGUST 10, 2009

1. CALL TO ORDER

President Doug Hayes called the meeting to order at 7:00 p.m.

2. ROLL CALL

Commissioners present: Raeanne Danielowski, Jim Dickinson, Robert Eddy, Dave Gast, Doug Hayes, Mike Hayes, Chuck Heitz, Norm Leslie, and Jerry Parks.

Also present: Community Economic Development Director Jim Thares, City Administrator Scott Johnson, Finance Director Corey Boyer, City Planner/Community Economic Assistant Leslie Chmielewski, and Senior Planner Katie Larsen

3. ADOPT AGENDA

Commissioner Danielowski motioned to approve the revised agenda with the addition of the following agenda items: 1) #5H - Quotes for Blacktop Project Behind Plaza Mall; 2) #5I - Update: A.J. Machinery/Great Dane Properties, LLC; and 3) #6B - Refunding of EDA Lease Revenue Bonds. Seconded by Commissioner Parks, unanimous ayes, motion carried.

4. APPROVE BLEDA MEETING MINUTES FROM JULY 13, 2009

Commissioner Heitz motioned to approve the July 13, 2009 BLEDA minutes. Seconded by Commissioner Danielowski, unanimous ayes, motion carried.

5. BUSINESS

5A. APPROVE LSA DESIGN, INC. CONTRACT AND FUNDING

Senior Planner Katie Larsen reviewed the proposal from LSA Design, Inc. for visioning/master plan services at the TOD site. The consulting fee for the plan is \$21,500 and would take approximately 2 months to complete.

Commissioner Dickinson questioned what sub-consulting fees are expected in which Planner Larsen stated there are none that she can foresee. Commissioner Dickinson also suggested LSA Design set an hourly rate and attach a fee schedule to the contract.

Commissioner D. Hayes asked if the TOD committee would be involved in the visioning process. Planner Larsen stated members of the TOD committee, City Council and EDA would be invited to partake in the planning process.

Commissioner Danielowski motioned to accept the visioning/master plan proposal from LSA Design, Inc. in the amount of \$21,500. Seconded by Commissioner D. Hayes, unanimous ayes, motion carried.

5B. CONSIDER APPROVAL OF FUNDS FOR BIG LAKE HOMES TRAIL EXTENSION (DUFFY DEVELOPMENT)

Planner Larsen reviewed the request from Duffy Development seeking support from the City Council and EDA for their Section 42 Tax Credit application that would benefit their proposed town home project. They are seeking the same support as last year with the addition of an east-west trail connection to the Northstar Commuter Rail platform.

Commissioner Heitz questioned when the trail is expected to be constructed. Planner Larsen stated the trail located on the east side of County Road 43 may be completed this year and would expect the trail connection located on the west side of County Road 43 would happen when the town home project is completed.

Commissioner Heitz motioned to allocate approximately \$20,000 for an east-west trail connection to the Northstar Commuter Rail Platform. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

5C. UPDATE: BIG LAKE RAIL PARK/ CONSIDER APPROVAL OF FUNDS FOR RAIL PARK FEASIBILITY STUDY

Community Economic Development Director Jim Thares stated three RFP responses were received and the partner sponsors have chosen Janna King, Economic Development Services, as the consultant to complete the study. Adjustments were made to the scope of work and Ms. King agreed to reduce her estimate. The Feasibility Study's cost is \$24,000 and will be split between Sherburne County, Dynamics Development and the City. Sherburne County approved \$8,000 for the study at their August 8th board meeting.

Commissioner Dickinson suggested an escrow be collected from Dynamics to ensure the full payment is received.

Commissioner Dickinson motioned to authorize staff to enter into a Letter of Agreement/Contract, on behalf of the BLEDA (lead sponsor), with Economic Development Services for the RFP Feasibility Study process and to authorize an \$8,000 contribution for the City's portion toward the completion of the Big Lake Rail Park Feasibility Study, contingent upon securing approval from Dynamics Development via an escrow collected from Dynamics Development. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5D. DISCUSSION: TOD OPPORTUNITY

Mr. Thares stated staff was notified by Riverwood Bank that a parcel close to the TOD area will be for sale in the near future and is making EDA members aware of the property and seeking direction in the level of interest in the property. The asking price for the property is not known at this time.

Commissioner D. Hayes questioned if NSP funds could be used to purchase this parcel as it is a foreclosed property. Mr. Thares stated staff would have to research if this would be acceptable. The target area of the NSP funds would need to be changed and approved by MN Housing as the parcel lies outside the current boundaries. Commissioner Dickinson stated he would prefer to see NSP funds benefit multiple neighborhoods versus just one neighborhood.

It was the consensus of the EDA to keep in touch with Riverwood Bank and report back additional information that is received at future meetings.

5E. PROSPECTS REPORT

Leslie Chmielewski stated site and community information was sent to a data center prospect.

Mr. Thares stated Alex Wickstrom has notified staff that he is working with another prospect who may be interested in relocating to the industrial park. His previous prospect is still trying to sell his building and has not ruled out a Big Lake location.

5F. PROJECTS STATUS REPORT

Mr. Thares stated John Weicht's Laundromat prospect is looking for a new lender to work with and staff has not received a call back from MCCF who may be a source to help fill the financing gap from the prospect. Commissioner Heitz asked staff to follow-up with MCCF once again.

Mr. Thares stated a meeting was held with WNT representatives regarding solid waste contracts and potential supply sources for WNT's concept proposal but has no new information to report to the EDA.

5G. BLEDA BUDGET

Finance Director Corey Boyer stated all active/operating business loans are current and Paragon Store Fixtures continue to make half-payments.

5H. QUOTES FOR BLACKTOP PROJECT- BEHIND PLAZA MALL

City Administrator Scott Johnson stated four quotes were received by the Mall Association for paving work that needs to be completed behind the mall. The low bid was received by Erickson Asphalt Services in the amount of \$23,289. He stated if the EDA chooses to fund the project it would be set up under the same conditions as the funding for the plaza mall sign. Cost for paving would be split evenly amongst the tenants and would be charged back over a 2-year period at no interest. The project would be completed this fall.

Commissioner Heitz motioned to support the paving project behind the Plaza Mall through funding the total project cost (\$23,289) for the Plaza Mall Association, with repayment to be split evenly between all tenants over a 2-year period at zero percent (0%) interest. Seconded by Commissioner Parks.

Commissioner Eddy arrived at 7:45 p.m.

Commissioner Danielowski asked if Erickson Asphalt Services is providing a 2-year warranty from the date of completion similar to what was proposed in C&S Blacktop's proposal. Mr. Johnson stated there is not a specific warranty but will ask Erickson's to provide one.

Commissioner Heitz motioned to amend his previous motion to include that the approval shall be contingent upon a warranty received by Erickson's Asphalt Service.

Commissioner Dickinson expressed concern that the City is fronting money for many projects and would prefer to see the tenants pay their share upfront. Also, suggested was having Mall Association members sign a promissory Note guarantying they will pay their portion. Commissioner Eddy suggested a property lien would be preferred over a promissory note. Previous motion was voluntarily removed.

Commissioner Dickinson motioned to support the paving project behind the Plaza Mall through the funding of the project cost (\$23,289) for the Plaza Mall Association over a 2-year period at zero percent (0%) interest, contingent upon a warranty being received by Erickson's Asphalt Service and the City securing a Promissory Note from Mall Association members. Seconded by Commissioner Heitz, unanimous ayes, motioned carried.

5I. UPDATE: A. J. MACHINERY/GREAT DANE PROPERTIES, LLC

Mr. Thares stated staff was notified that A.J. Machinery is being severely impacted by the economy and will be closing their facility in Big Lake Industrial Park. He further noted that the City has a third mortgage position behind the Bank and the Initiative Foundation, and that the Bank of Elk River has asked the City and the Initiative Foundation to work closely with them in order to move the real estate property onto the market sooner than the amount of time anticipated for the bankruptcy process (i.e., 6-8 months).

The BLEDA Loan Committee recommends that a cooperative approach be offered to the bank; however, the goal is to recapture some of the funds via the collateral or a settlement with the bank and a full accounting of what transpired as well as of the assets liquidation/disposition results.

After short discussion, it was the consensus of the EDA that the City should postpone taking any formal action at this time to allow staff an opportunity to obtain additional information pertaining to A.J. Machinery's current situation and to bring back for further consideration at a later time.

6. OTHER

6A. APPROVE CHANGE ORDER FOR SENIOR CENTER/FOOD SHELF REMODEL PROJECT

Mr. Thares reviewed the letter from Lanner's Construction describing their justification for the change order in the amount of \$2,500 to the Senior Center/Food Shelf Remodel project.

Commissioner Dickinson motioned to accept the \$2,500 change order that was submitted by Lanner's Construction due to the justification cited in Mr. Lanners letter addressed to the BLEDA. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

6B. REFUNDING OF EDA LEASE REVENUE BONDS

Finance Director Boyer stated the City Council will be considering approval of a debt issuance on August 12th to refund the 2000 EDA Lease Revenue Bonds. The bonds were issued to fund the purchase of the current Police Department and construct the Public Works building.

Commissioner Dickinson motioned to approve Resolution 2009-05, Resolution Authorizing Termination of Lease, Execution of Quit Claim Deed and Calling Prior Bonds. Seconded by Commissioner Eddy, unanimous ayes, motion carried.

Commissioner Dickinson questioned if staff has contacted Mike Krutzig to mow his property located at the intersection of Highway 10 and County Road 43. Mr. Johnson stated Public Works has sent out weed violation letters. Mr. Thares stated staff will speak to Mr. Krutzig about this issue.

7. ADJOURN

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