

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, JANUARY 14, 2008

**MINUTES APPROVED
FEBRUARY 11, 2008**

1. CALL TO ORDER

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

2. ROLL CALL

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

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

3. ADOPT AGENDA

Commissioner Dickinson motioned to approve the agenda as presented. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

4. APPROVE BLEDA MEETING MINUTES FROM DECEMBER 10, 2008

Commissioner Heitz motioned to approve the December 10, 2008 BLEDA minutes. Seconded by Commissioner Gast, unanimous ayes, motion carried.

5. BUSINESS

5A. BIG LAKE INDUSTRIAL PARK EAST

5A-i. Update: Paragon Store Fixtures

Community Economic Development Director Jim Thares reported that the executed loan documents and additional grant requirements have been sent to MnDEED; additional required information is being compiled by staff and will be forwarded to MnDEED.

Mr. Thares reviewed a proposed addition to the current guidelines for the Big Lake Revolving Loan Fund (RLF), which was requested by the State, which addresses the requirement that loans over \$75,000 would be subject to the Business Subsidy Law. As this proposed revision would need to be formally adopted by the City Council, Mr. Thares asked that the BLEDA recommend approval of the proposed addition to the Guidelines as discussed.

Commissioner Dickinson moved to recommend to the City Council the addition of Item #15 to the Big Lake Revolving Loan Fund (RLF) Guidelines as discussed. Seconded by Commissioner Gast, unanimous ayes, motion carried.

5A-ii. Prospects Report

Mr. Thares briefly reviewed the prospects list, noting that no new contacts were received in December; for information only, no action required or taken by the Board.

5A-iii. Industrial Park Expansion

Mr. Thares reported that the closing on the acquisition of the 38.4 acre parcel of land, previously owned by Bruggeman Properties, occurred on December 17, 2007 and, since that time, the City Council and Township Board have been working on determining whether or not this would be a joint project.

He also reviewed information handed out at the meeting from City Engineer Brad DeWolf regarding a preliminary schedule for the development of the Park, with tentative final completion date of June, 2009.

5A-iii-a. Call for Sale of Bonds for Industrial Park Expansion

Finance Director Corey Boyer reviewed his January 11th memorandum, noting that at the BLEDA's December meeting, the resolution to call for the sale of taxable revenue bonds to fund the acquisition of the industrial park land was tabled in order to allow time for staff to obtain quotes from local institutions to fund this purchase. He stated that the two (2) local institutions (First Federal and Klein Bank) were contacted and only one proposal was received (from Klein Bank). Mr. Boyer reported that City staff, along with Ehlers and Associates, have reviewed Klein Bank's proposal and staff is asking the BLEDA to determine if they want to proceed with the Klein Bank proposal or have the bonds underwritten through the proposal received from Ehlers and Associates.

Commissioner Sanford stated that, if the Industrial Park expansion was going to be a joint project between the City and Township, the Township would like to have an opportunity to make comments on this issue and he suggested that this item be tabled until the Joint Powers Agreement issue is finalized.

Staff discussed the different aspects of the two (2) proposed options for financing the Industrial Park Expansion project and answered questions of the Board.

Commissioner Heitz motioned to table until later in the meeting after the Joint Powers Agreement discussion. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

5A-iii-b. Discussion: Joint Powers Agreement (JPA)

Mr. Thares reported that the City Council and Big Lake Town Board have been working through drafts of the proposed Joint Powers Agreement (JPA) that could be the document that governs the shared responsibility and benefits of the new industrial park expansion project (i.e., the land recently purchased by the BLEDA from Bruggeman Properties).

Commissioner Sanford stated that the Township passed the latest draft of the JPA at their last meeting, contingent upon himself and the Township attorney completing the final review of the agreement.

Commissioner Heitz reported that the Council, at their last meeting, discussed this project as well as the reasoning as to why land that is located within the City limits is being proposed as a joint project with the Township. He further stated that the Council directed that this issue be brought back to the BLEDA for further discussion with the Township representatives on the intent of the Agreement.

Commissioner Sanford stated that, if the City Council wants to have future Industrial Park on their own, it should inform the Township as he believes that the Township Board would not have an issue with that decision; however, he noted that the Township would like to keep this expansion project as a co-owned park as the Township already owns the infrastructure coming into the property.

Commissioner Heitz briefly discussed the funds that the City is being spent on advertising with Agency 128 (i.e., intense advertising for the Industrial Park, Big Lake Marketplace, the TOD area, etc.), noting that it would be preferred if the Township Board would consider contributing towards these advertising costs. Commissioner Sanford stated that he believes the Township Board would be willing to share costs for their part of the advertising for projects that they are jointly involved in with the City but not for the projects that are solely City-based.

Economic Development Director Thares noted that the second JPA provided in the packet documentation is the Agreement that is in force for the current Big Lake Industrial Park East. He further stated that the financing mechanism being considered is what triggered the need for a new JPA; however, the Bond Council has informed staff that, because of the method of acquisition, a new JPA would be needed.

Commissioner Dickinson suggested the following be included in the proposed JPA:

1) an addition to #7 under "Recitals" to reflect that there should be consistency with the Covenants of the Industrial Park, which are going to be adopted; and 2) reference be made/included to reflect the desire for the Joint Powers Board to be involved, with the BLEDA functioning in an advisory role. Mr. Thares indicated that staff would bring these suggestions back to the City Attorney and also bring the revised JPA back to both the City Council and the Township Board for consideration.

Commissioner Sanford stating, for the record, that the intentions are that we operate very similarly to the 68 acre park (Big Lake Industrial Park East), and that we are using different financial mechanism to finance the land and to then assess it back.

City Administrator Scott Johnson asked Commissioner Sanford if the Township Board would consider a resolution of support of the special legislation for removing jointly owned parcels from the City's general tax levy. Commissioner Sanford indicated that the Township will provide a draft resolution of support to City Staff as soon as possible for review.

Commissioner Dickinson moved that the BLEDA move forward with the land purchase financing via Klein Bank as indicated in the proposal provided in the packet. Seconded by Commissioner Sanford, unanimous ayes, motion carried.

Commissioner Dickinson stated, for the record, that the BLEDA recommends to both the City Council and the Township Board that the JPA be consistent with the original (first) JPA as well as with the purchase agreement with Bruggeman Properties in regards to the conditions as outlined and discussed.

5A-iv. Update: Ataboy Building

Mr. Thares reported that, due to difficulties in locating one of the two company owners, there has been a delay in pursuing a potential solution to the delinquent economic development loan; however, staff has obtained the second owner's contact information and a letter will be mailed. No action required or taken by the Board.

5B. UPDATE: MARKETING PROPOSALS

Planner Chmielewski reported that a meeting will be scheduled in late-January or early-February with Agency 128 at which they will propose their marketing campaign suggestions and budget. For information only; no action required or taken by the Board.

5C. BIG LAKE MARKETPLACE PROPOSALS

Mr. Thares reported that staff met in mid-December with a developer who is proposing a multi-purpose entertainment center in Big Lake Marketplace and that a tax abatement (business subsidy) application has very recently been submitted but the information was not available for the meeting packet distribution. Mr. Thares noted that Mr. Kevin Smith, lead contact for the proposed entertainment center, and his partners were present to provide a brief overview of the proposed project and to answer questions of the Board.

Mr. Smith provided a brief summary of the proposed two-phase project (to be potentially located on a 10+ acre site along approximately 1,750 linear feet of Highway 10). Phase 1's completion timeline of the proposed 81,000 sq. ft. indoor, non-alcoholic entertainment facility is tentatively set for late-December 2008 and would include: 1) four (4) theater auditoriums (180 seats each); 2) a 20,000 sq. ft. indoor "green" go-cart park (utilizing electric/battery-charged go-carts), which would have the ability to include 900-feet of track outside of the facility (seasonal); 3) a 2-tier laser tag facility; 4) a whirly-ball court; 5) a mini-bowl alley; 6) an 18-hole black light mini-golf; 7) an arcade; 8) party rooms; and 9) 504 parking spaces (which would accommodate additional parking for a potential future 70-room hotel/water park which is slated for Phase 2 of the project as well as the potential for additional banquet facility, or a soft-play area for younger children, or a rock climbing area). Phase 2's proposed tentative completion timeline would be in 2009, at the time of the opening of the TOD. Mr. Smith stated that they could provide a formal proposal for the next BLEDA meeting.

5D. AIRPORT CONCEPT DISCUSSION

Mr. Thares reported that staff had recently met with Bob Eddy to discuss the concept of establishing an airport to serve the Big Lake area. As this was a very preliminary proposal/concept that was brought to the BLEDA for discussion and feedback, staff contacted the MN-DOT Aviation Services and Regulations office and learned that the process for such a complicated project would be lengthy, would need to have the City, Township, County, and MN-DOT Aviation Services involved, and would require a much larger piece of land in order to meet the required setbacks for such a project. For information only; no action taken by the Board.

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

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

City Administrator Johnson informed the Board that, because staff has not received any response from Dr. Sealock regarding the purchase of the property on the east end of the shopping center, staff has moved forward with selling the property.

Mr. Thares reported that staff had been contacted earlier in the year Mr. Alex Wikstrom, of Coldwell Banker Commercial/Orion Real Estate, who had indicated that he believed that he could market/sell this property. Staff recently contact Mr. Wikstrom, who submitted a proposal for Mr. Wikstrom to represent the City's interest in leasing the available space as well as selling the approximate 10,990 square feet of space on the east end of the Lake Shopping Center.

Staff and the Board discussed: 1) Mr. Wikstrom's proposal and whether or not to accept the proposal or provide a counter offer; 2) the previous use of a broker for the marketing of other City property (i.e., the property located on Phyllis Street); 3) the Board's concern of potentially being limited by contracting with one broker; 4) the Board's desire to get out of the land owning business; and 5) the possible option of opening up the marketing of the available space to other brokers at a specific percentage for the commission fee.

Commissioner Dickinson moved to direct staff to install a banner at the Lake Shopping Center stating: "All Brokers Welcome – Commission Up To 5%". Seconded by Commissioner Heitz, unanimous ayes, motion carried.

Chair Hayes moved Agenda Item #5I, "Update: Northstar Transit Oriented Development (TOD)", to this portion of the meeting, in order for the Township Board Members to participate in the discussions before leaving the meeting.

5F. Update: Northstar Transit Oriented Development (TOD)

Mr. Thares briefly reviewed Planner Katie Larsen's January 9th memorandum regarding the Transit Oriented Design (TOD) Committee's Goals and Policies Workshop held on December 19th, as well as the upcoming January 16th Committee meeting.

Commissioner Heitz provided a brief update from the last Northstar meeting, including information on the type of cars ordered for the trains.

Commissioner Sanford stated that, due to a potential conflict of interest with him serving on the TOD Committee (i.e., being an owner of private land in the TOD site area), he will be stepping down from the Committee and Township Officer Mike Hayes will be taking his place on the Committee, with Town Officer Norm Leslie serving as alternate.

Commissioners Leslie and Sanford left the meeting at 8:40 p.m.

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

Chair Hayes moved Agenda Item #5G-ii, "210 Eagle Lake Road – Lease Extension Request (Curtis and Maria Hed)", to this portion of the meeting, in order to accommodate Ms. Hed who was present in the audience.

5G-i. 210 Eagle Lake Road – Lease Extension Request (Curtis & Maria Hed)

Community Economic Development Director Thares reviewed his January 11th memorandum pertaining to the history of the contact/correspondence with Mr. and Mrs. Hed and their leasing of the property located at 210 Eagle Lake Road North. He reminded the Board that, at their December meeting, the BLEDA denied a request by Mr. and Mrs. Hed to extend their lease, which was to expire on January 3, 2008. Mr. Thares further stated that it was determined that this issue would be brought back to the January BLEDA meeting for further discussion on the following potential options that the Board could consider: 1) extend the lease for an additional defined period of time, with a parallel letter/notice to vacate being sent to the Hed's, as well as taking any additional formal steps as designated by law; 2) deny the request to extend the lease and direct staff to proceed with the issuance of a notice to vacate the premises as well as further steps as designated by law; or 3) any other directive/action which the BLEDA chooses to pursue.

The Board discussed potential plans for the house that is on the property (i.e., advertising for the removal of the house, demolition of the site, etc.) and the requirements to meet the timeline for the proposed redevelopment project. Mr. Thares reported that the Hed's have also requested that they be allowed to take some items that are attached to the house; however, in the event that the house was to be removed from the property, it was the consensus of the Board that the house and its attached items would need to remain intact.

After further discussion, it was the consensus of the Board that the lease be extended to March 1, 2008 at a lease rate of \$500 per month, that a letter/notice to vacate will be issued as discussed, that all infrastructure maintenance/repair costs will be the responsibility of Mr. and Mrs. Hed, and that staff will determine if there is an interest to move the house from the property and, if so, proceed with the bidding process (with all attached items remaining in the house).

Commissioner Kampa motioned: 1) to approve the lease extension with Curtis and Maria Hed for the property located at 210 Eagle Lake Road North through Saturday, March 1, 2008, at a monthly lease rate of \$500, and to draft and issue a parallel letter/notice to vacate as discussed; 2) that Curtis and Maria Hed are to be responsible for all infrastructure maintenance/repair costs to the property during the lease extension period; and 3) that staff will determine if there is an interest to move the house from the property and, if so, proceed with the bidding process (with all attached items remaining with the house). Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5G-ii. Update: Redevelopment Project

Mr. Thares stated that only two (2) of the nine (9) contacted firms returned RFP packets for the Eagle Lake Road North/Highway 10 Redevelopment project; Allied Properties & Management, LLC, of Rogers, Minnesota, and, John Weicht & Associates, of Elk River, Minnesota. He further reported that the Downtown Redevelopment Subcommittee had met to discuss the submittals and that the Subcommittee has recommended that the BLEDA accept the proposal submitted by John Weicht & Associates.

Commissioner Dickinson motioned to accept the proposal received from John Weicht & Associates, to direct staff to enter into a Development Agreement, and to discuss other options to secure the entire site and proceed forward, and to have a draft Purchase Agreement brought back to the BLEDA for review at a future meeting. Seconded by President Hayes, unanimous ayes, motion carried.

5H. PROJECTS STATUS REPORT

Mr. Thares briefly reviewed the December 2007 report; no action required or taken by the Board.

5I. EDA BUDGET

For Information only; no action required or taken by the Board.

6. OTHER

Commissioner Dickinson thanked President Hayes for bring the letter to the City Council on behalf of the BLEDA.

7. ADJOURN

Commissioner Dickinson motioned to adjourn the meeting at 9:16 p.m. Seconded by Commissioner Heitz, unanimous ayes, meeting adjourned.