

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, JULY 14, 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, and Economic Development Assistant Sandy Petrowski.

3. ADOPT AGENDA

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

4. APPROVE BLEDA MEETING MINUTES FROM JUNE 9, 2008

Commissioner Dickinson motioned to approve the June 9, 2008 BLEDA minutes as presented. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5. BUSINESS

5A. BIG LAKE INDUSTRIAL PARK EAST

5A-i. Loan Subordination – Paragon Store Fixtures

Community Economic Development Director Jim Thares reported that Paragon Store Fixtures in refinancing some of its private lender bank debt and the bank is asking the BLEDA/City to subordinate its mortgage loans to the proposed new financing.

Commissioner Gast motioned to approve the Subordination Agreement as presented. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

5A-ii. Update: Industrial Park Expansion – BLIPE Plat 5

Mr. Thares reported that the plat for the Big Lake Industrial Park East Plat 5 has been approved and that the City Engineer is working on the plans, which will be provided for the BLEDA's review when they are available.

The Board discussed the plans for street light installation. Commissioner Sanford stated that there have been instances in the Township of vandalism being done to street lights and he suggested that a more secure fixture should be considered for the lighting (i.e., some type of shield/barrier around the lights which could possibly lessen breakage due to vandalism, etc.). Mr. Thares stated that staff can provide the comments to the company that will be contracted for the work and report back to the Board at a future meeting. This item was for information only; no action required or taken by the Board.

5A-iii. Industrial Prospects Finders Fee Policy

Mr. Thares reviewed the draft Finders Fee Policy that was drafted for the purpose of offering a finders fee to qualified real estate professionals to help bring eligible firms to the new industrial park expansion area (BLIPE Plat 5).

The Board discussed possible percentage rates to be paid to a "broker" as well as at what point in the negotiations/sale that a fee would be paid (i.e., at the time of land closing versus at completed build-out).

After discussing preferred revisions to the draft Finders Fee Policy, Mr. Thares stated that staff will incorporate all of the suggested changes/comments into the Policy and bring the document back for the Board's review at the August BLEDA meeting. Commissioner Sanford also stated that he will bring the information on the draft Finders Fee Policy including comments discussed by the BLEDA, to the Township Board for their comments.

5A-iv. Discussion: Forgiven Ataboy Loan

Finance Director Corey Boyer reported that the initial proceeds for the revolving loan fund program came from the City Water Enterprise Fund and there is currently an outstanding notes receivable balance in the Fund due to the current unpaid balance of the Ataboy revolving loan (\$40,348.04). He asked the Board to discuss how the Fund can be made whole due to the forgiven amount of the Ataboy loan.

It was the consensus of the Board to direct staff to review the history of the revolving loan fund to determine what has been taken in (on previously paid revolving loan payments, etc.) with the idea of creating a bad debt reserve fund and to have Finance Director Boyer provide an update at the August meeting for further review.

5A-v. Prospects Report

Mr. Thares briefly reviewed the report as presented; no action required by the Board.

5B. RESCHEDULE OCTOBER BLEDA MEETING

Mr. Thares reported that, due to the October 2008 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 13th regular meeting.

President Hayes motioned reschedule the October 13th BLEDA meeting date to Tuesday, October 14, 2008, at 7:00 p.m. at City Hall. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

5C. MARKETING UPDATE

Mr. Thares reviewed City Planner Leslie Chmielewski's July 8th memorandum including the recent \$1,200 donation to the marketing campaign which was donated by Connections, Etc. He further noted that, to date, monetary contributions have reached \$6,250, which does not include the \$4,000 budgeted for by the City.

Mr. Thares clarified a Board Member's previous request for clarification on the new slogan, "The Next Big Thing"; noting that this slogan was selected by the Marketing Committee as the "economic development" marketing tag line and not the new City Slogan. No action required or taken by the Board.

5D. LOAN APPLICATION – ANYTIME FITNESS

Mr. Thares reported that Anytime Fitness is proposing to fund a portion of its relocation and expansion project through a \$55,000 Economic Development Loan (i.e., City of Big Lake Revolving Loan Fund). He state that the Loan Review Committee reviewed the application and proforma materials and recommends that the BLEDA approve the recommended loan terms as presented.

Commissioner Dickinson motioned to approve a \$55,000 Economic Development Loan with an amortization over 5 years at 7% or over 7 years at 7-1/2%, and contingent upon: 1) completion of build-out; 2) closeout/payoff of the construction loan; and 3) completion of an appraisal on the finished project to the SBA. Seconded by Commissioner Heitz, the motion passed on a vote of 7 to 0 with 1 abstention, with Commissioners Dickinson, Hayes, Heitz, Kampa, Leslie, Sanford, and Zwilling voting aye and Commissioner Gast abstaining.

5E. BUXTON COMPANY'S RETAIL ECONOMIC DEVELOPMENT STRATEGY

Mr. Thares reviewed his July 9th memorandum regarding the proposal submitted by Buxton Company which has been reviewed by the Transit Oriented Development (TOD) Committee, who has referred it back to the BLEDA for consideration. He further noted that staff is recommending that consideration of this proposal be tabled due to limited available 2008 funds and budget concerns in 2009.

After a brief discussion, Commissioner Dickinson moved that any retail analysis and action plan reports be tabled for 2008 and further consideration would be looked into with the 2009 budget. Seconded by Commissioner Heitz, the motion passed on a vote of 7 to 0 with 1 abstention, with Commissioners Dickinson, Gast, Hayes, Heitz, Kampa, Leslie, and Zwilling voting aye and Commissioner Sanford abstaining.

5F. UPDATE: ENTERTAINMENT CENTER PROPOSAL

Mr. Thares reported that staff had discussed the status of this proposal with the developer and has learned that the proposed 65,000+/- sq. ft. project is being shelved due to financial reasons and that no further work on the project is expected. No action required or taken by the Board.

5G. UPDATE: MARKETPLACE INN HOTEL DEVELOPMENT

5G-i. Call for Special Gathering for Groundbreaking on July 18, 2008

Mr. Thares reported that the BLEDA Members have been invited to attend the groundbreaking event for the Marketplace Inn which is scheduled for Friday, July 18, 2008, at 11:00 a.m. He recommended that a special gathering be called by the BLEDA to ensure compliance with Minnesota Statutes relating to the open meeting law.

Commissioner Dickinson motioned to call a Special Gathering of the Big Lake Economic Development Authority for 11:00 a.m. on Friday, July 18, 2008 for the groundbreaking event at the Marketplace Inn site (16776 – 198th Avenue NW, Big Lake, Minnesota). Seconded by Commissioner Gast, unanimous ayes, motion carried.

5H. BLEDA-OWNED SPACE ON EAST END OF PLAZA

Finance Director Corey Boyer reviewed his July 9th memorandum regarding staff's request for the BLEDA's clarification of the intended use of the sale of proceeds from the purchase of the sale of the east end of the Lake Shopping Center, which is proposed to be sold at \$70/sq. ft. (approximately \$750,000 total) He noted that, in 2005, the EDA had approved a portion of the proceeds from the sale of the east end of the mall (\$500,000) were to be dedicated towards the project costs associated with the new liquor store as well as reimbursing the BLEDA for the east end vestibule

improvement costs (\$30,000), signage at the mall (\$25,000), and front/back parking lot improvements/paving at the mall, for a combined total of dedicated proceeds of \$600,000. Mr. Boyer stated that, with the sale proceeds expected to be approximately \$750,000, staff was asking the BLEDA discussion/direction on possibility of using \$100,000 of the remaining sale proceeds to offset the costs of new library space for the City, leaving approximately \$50,000 of undedicated sale proceeds to be returned to the BLEDA.

Commissioner Leslie asked about the potential to work with the Big Lake School District on relocating the library to a space at the school, due to the residents already paying taxes to the schools, etc. Commissioner Heitz stated that some of the concerns that may keep the library from being able to relocate to one of the schools would be the issue of age-appropriate materials, the hours that a school is opened as opposed to the library's hours, and the space required for the amount of public materials that is provided by a public library.

Commissioner Heitz stated that he would like to allocate some of the sale proceeds for the remodeling/revitalizing of the old library space for the Seniors. Mr. Boyer stated that this could be a possibility.

It was the consensus of the Board to direct staff to provide an update on the Library's situation and funding needs at a future BLEDA meeting for further discussion.

5I. UPDATE: DOWNTOWN REDEVELOPMENT (HWY 10 & COUNTY ROAD 5)

Big Lake Development LLC:

Mr. Thares reported that John Weicht is continuing to negotiate with Oppidan Investments to secure the property that lies adjacent to the City/BLEDA-owned land and to enter into a purchase agreement.

Permanent Easement – CR5/Highway 10 and Martin Avenue

Finance Director Boyer reviewed his July 8th memorandum regarding a grant of permanent easement which is necessary to move ahead with the County Road 5/Highway 10 intersection improvements.

Commissioner Dickinson moved the Grant of Permanent Easement from the BLEDA to the City as presented. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5J. PROJECTS STATUS REPORT

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

5K. EDA BUDGET

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

5L. NORTHSTAR TRANSIT ORIENTED DEVELOPMENT (TOD)

Mr. Thares briefly reviewed Senior Planner Katie Larsen's July 10th memorandum, briefly discussing the potential for the TOD Committee to possibly schedule a tour of some TOD sites in Chicago and surrounding areas (potentially in fall 2008) and to then have the Committee revisit the Design Manual and Ordinance, and make a final recommendation.

6. OTHER

6A. UPDATE: RENTAL INSPECTIONS

Mr. Thares reviewed the July 9th memorandum provided by City Building Official Sam Rudd and Contracted Building Official Fred Patch pertaining to the current status of the multi-family registration program. For information only; no action required or taken by board.

MOTORSPORTS ENTERTAINMENT COMPLEX

Mr. Thares briefly reviewed documentation distributed at the meeting regarding an e-mail received by staff summarizing the potential feasibility of a motorsports entertainment complex project in the Twin Cities market, noting that the company has indicated that they would be interested in talking with staff in the near future.

It was the consensus of the Board to request that the company's representatives provide additional information (via a presentation) at a future BLEDA meeting as a first step in considering a potential motorsports entertainment proposal. Staff will invite the company to attend a future BLEDA meeting.

7. ADJOURN

Commissioner Kampa motioned to adjourn the meeting at 8:37 p.m. Seconded by Commissioner Dickinson, unanimous ayes, meeting adjourned.