

**BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY**  
**MEETING MINUTES**  
**MONDAY, JUNE 20, 2005**

**1. CALL TO ORDER**

Vice-President Heitz called the meeting to order at 8:01 p.m.

**2. ROLL CALL**

Commissioners present: Dave Gast, Doug Hayes, Chuck Heitz, Lori Kampa, Ewald Petersen, Jim Sanford, and Jim Zwilling. Commissioners absent: Jim Dickinson (arrived at 8:39 p.m.) and Robert Eddy (arrived at 8:07 p.m.).

Also present: City Administrator Patrick Wussow, Assistant City Administrator Scott Johnson, Community Economic Development Director Jim Thares, Finance Director Corey Boyer, City Attorney Soren Mattick, Assistant City Engineer Jared Voge, Economic Development Assistants Sandy Petrowski and Annie Deckert.

**3. ADOPT AGENDA**

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

**4. APPROVE BLEDA MEETING MINUTES FROM MAY 16, 2005**

Commissioner Kampa motioned to approve the May 16, 2005 BLEDA minutes. Seconded by Commissioner Zwilling, unanimous ayes, motion carried.

**5. BUSINESS**

**5A. ROBERT GARDETTO RESIGNATION / DOUG HAYES APPOINTMENT**

Economic Development Director Jim Thares reported that, at their June 8<sup>th</sup> meeting, the City Council accepted the resignation of BLEDA Commissioner Robert Gardetto and appointed Mr. Doug Hayes to the position vacated by Mr. Gardetto. No action required.

**5B. BIG LAKE INDUSTRIAL PARK EAST**

**5B-i. PUBLIC HEARING: Land Sale and Business Subsidy – White Bear Clothing**

Economic Development Director Jim Thares reviewed his June 14, 2005 memorandum pertaining to the public hearing for the land sale and business subsidy for White Bear Clothing's proposed 20,000 sq. ft.+/- project as well as the additional documentation distributed at the meeting which included: 1) a color exhibit of the building site; 2) a draft Summary of the Development Agreement; 3) an increment flow sheet; and 4) the Assessor's estimated market value letter.

Vice-President Heitz opened the public hearing for the land sale and business subsidy for White Bear Clothing at 8:07 p.m. No one came forward for comment. Vice-President Heitz closed the public hearing at 8:08 p.m.

Mr. John Weicht, of John Weicht and Associates, and Mr. Richard Aderman, of White Bear Clothing, were both present to answer questions of the Board. Mr. Aderman provided a brief update on the company and their plans for the proposed facility.

Commissioner Petersen motioned to approve the sale of Lot 2, Block 1, BLIPE Plat Three, to White Bear Clothing and Textile Company, and approve Resolution #2005-06 for the Development Agreement and the Business Subsidies including site prep in the amount of \$30,000 for White Bear Clothing. Seconded by Commission Gast, unanimous ayes, motion carried.

**5B-ii. PUBLIC HEARING: Land Sale and Business Subsidy – Industrial Molded Rubber Project (aka Northern Prairie Polymers, Inc.)**

Mr. Thares reviewed his June 14, 2005 memorandum pertaining to the public hearing for the land sale and business subsidy for Industrial Molded Rubber's proposed 28,000 sq. ft. project as well as the additional documentation distributed at the meeting which included: 1) a draft Summary of the Development Agreement; 2) an increment flow sheet; and 3) the Assessor's estimated market value letter.

Mr. Thares reported on the finalizing of the DEED grant-loan application which is expected to be submitted in the next few days, discussed the loan request that the BLEDA Loan Subcommittee reviewed for equipment purchases for the project, and reviewed the site plan review information.

Vice-President Heitz opened the public hearing at 8:28 p.m. No one came forward for comment. Vice-President Heitz closed the public hearing at 8:29 p.m.

The owners of Industrial Molded Rubber Products, Laura and Donn Nystedt, were present, along with project manager Chuck Youngquist from Amcon. Ms. Nystedt provided a brief update on the company, discussed the plans for the facility, and answered questions of the Board.

Commissioner Heitz asked about the potential shared driveway between Industrial Molded Rubber and Sunny Fresh Foods. Mr. Nystedt stated that contingency plans are in place for such a driveway in the event that it is warranted in the future.

Commissioner Petersen motioned to approve the sale of Lot 1, Block 1, BLIPE Plat Four, to Industrial Molded Rubber, and to approve Resolution #2005-07 for the Development Agreement and the Business Subsidies including a total of \$62,500 for site prep assistance. Seconded by Commissioner Gast, unanimous ayes, motion carried.

President Jim Dickinson arrived at 8:39 p.m. and presided over the meeting.

#### **5B-ii. Loan Review**

Mr. Thares reviewed his June 16<sup>th</sup> memorandum on approval of the Revolving Loan Fund application. Commissioner Gast reported that the Subcommittee's recommendation is to approve the loan in the amount of \$67,267.

President Dickinson moved to accept the loan application for the amount of \$67,267. Seconded by Commissioner Zwilling, unanimous ayes, motion carried.

President Dickinson took over the meeting.

#### **5B-iii. Ataboy Manufacturing: Subordination and Business Subsidy Application**

Mr. Thares reviewed his June 14<sup>th</sup> memorandum pertaining to the request from Ataboy Manufacturing for subordination on their current loan balance. The Board discussed the request as well as a requirement for a letter of credit.

Commissioner Heitz moved to approve the request for subordination for Ataboy Manufacturing, contingent upon securing a \$100,000 Letter of Credit with an auto renewal clause and a review being performed in two years. Commissioner Eddy offered a friendly amendment for the approval to include an escrowing requirement for the real estate taxes. Commissioner Heitz accepted the friendly amendment. Seconded by Commissioner Zwilling, unanimous ayes, motion carried

**5B-iv. Cargill Kitchens/Sunny Fresh Foods: Assignment of Development Agreement**

Mr. Thares reviewed the information provided and reported that Cargill Kitchens is in the process of drafting an Assignment of Development Agreement with Cargill/Sunny Fresh Foods. When this documentation is received, it will be presented for acceptance by the BLEDA.

**5B-v. Industrial Park East Drainage Issues**

Assistant City Engineer Jared Voge, of Bolton & Menk, provided a brief review of the drainage issues at the Big Lake Industrial Park East (BLIPE) and answered questions of the Board. Mr. Voge also reported that it appears that the drainage problems were most likely caused by a combination of various property owners including too much top soil in the ditch when they were grading their property site as well as normal erosion that was caused due to the excessive rain in 2003.

Mr. Thares reported that Mr. John Weicht, who owns a parcel that is experiencing significant drainage problems, has informed staff that he would be willing to pursue a solution for the entire issue, at a cost which he has estimated at \$42,600. Staff stated that the project would not be required to be bid out as the estimated cost is under \$50,000. Finance Director Corey Boyer discussed potential options for payment on this issue.

Commissioner Heitz motioned to pursue correcting the drainage issues in Big Lake Industrial Park East, with payment for the correction to be taken out of TIF 2-5 funds and other TIF districts as deemed appropriate, for an estimated cost of \$42,600. Seconded by Commissioner Petersen, unanimous ayes, motion carried.

**5B-vi. Proposed Industrial Park Expansion**

Mr. Thares reported that the Industrial Park Expansion Committee had met to discuss goals and strategy and that both the City Council and Township Board, after reviewing the information, have directed staff to prepare an offer to purchase the proposed property for the purpose of another joint industrial park. He stated that a draft agreement has been formulated and is anticipated to be finalized and presented to the land owner in the near future. This item is for information only. Action on this issue will be taken by the City Council and Town Board; no action required or taken by the BLEDA Board.

City Attorney Soren Mattick briefly discussed the specifics proposed in the agreement and reported that staff will be ordering an environmental review on the site.

**5B-vii. Prospects Report**

Mr. Thares reported on the two recent prospects that have contacted the City: 1) Northstar Partners (a small machining operation); and 2) an Elk River firm inquiring about available sites and incentive packages.

Commissioners Petersen and Sanford left the meeting at 9:22 p.m.

**5B-viii. Revolving Loan Fund Application – Janice’s Villa Salon**

Mr. Thares reviewed with the Board the Revolving Loan Fund application received from Janice Halvorson, owner of Janice’s Villa Salon, for the reconstruction of the parking area and installation of new landscaping around the salon building.

Commissioner Gast motioned to recommend approval of the Revolving Loan Fund application in an amount not to exceed \$10,000, and contingent upon a financial institution’s participation of up to 50% of the project costs. Seconded by Commissioner Eddy, unanimous ayes, motion carried.

Commissioner Kampa asked for clarification on the status of the building site and any plans for future redevelopment of the area which may require the removal of the building in the near future. Staff reported that there are no known plans for a redevelopment project.

**5C. DOWNTOWN REDEVELOPMENT**

**5C.i. Putnam Avenue Potential Redevelopment Information**

Mr. Thares reviewed his June 16<sup>th</sup> memorandum pertaining to the researched costs of land acquisition in the potential redevelopment project along the south side of Putnam Avenue. He reported that staff would be meeting with a developer who has shown interest in a possible project in this area; information from this meeting will be brought back to the EDA at a future meeting. This action was for information only; no action required or taken.

**5C-ii. Trunk Hwy 10 Right-Of-Way / 550 Jefferson Blvd**

Mr. Thares reviewed the City Engineer’s May 23<sup>rd</sup> memorandum pertaining to the City’s request to the State of Minnesota to vacate a portion of the Trunk Highway 10 right-of-way and also reviewed Assistant City Administrator Scott Johnson’s May 31<sup>st</sup> memorandum pertaining to an inquiry to purchase an City/EDA-owned lot on the south side of Highway 10 and requesting the Board’s direction on whether or not so sell the parcel.

After a brief discussion, it was the consensus of the Board for staff to contact interested developer(s) to provide information on the project that the City is currently considering, consisting of the EDA parcel and adjacent properties. It was also suggested that staff bring up Right of Way turn back proposal to the legislators that represent Big Lake.

**5C-iii. Eagle Lake Road to Fern Street Project**

Mr. Thares reviewed his June 17<sup>th</sup> memorandum on the Eagle Lake to Fern Street potential redevelopment project and also discussed a letter received from Marion Johnson, the property owner of 140 Eagle Lake Road North.

It was the consensus of the Board to direct staff to proceed forward with the normal process of providing information about property acquisition.

**5D. UPDATE: LAKE STREET COTTAGES PROJECT**

Mr. Thares reported that staff is working on a development agreement with the Wallen-Grund Partnership for the development of the 11,200 sq. ft. parcel of land remaining in the Lake Street Cottages project and that the developer is expected to submit plans in the near future for the two proposed homes. No action was required by the Board or taken.

**5D-i. Update: Fence Issue (Mike Zigler)**

Mr. Thares reviewed Annie Deckert's June 13<sup>th</sup> memorandum pertaining to possible solutions to the fence issue for the garage owned by Mike Zigler that is adjacent to the Lake Street Cottages project.

President Dickinson discussed a type of barrier (i.e., heavy boards) that have been used in similar situations in other cities and suggested that the staff investigate the feasibility of such a solution.

It was the consensus of the Board to direct staff to pursue the alternative barrier solution as discussed.

**5E. PROJECTS STATUS REPORT**

No report.

**5F. EDA BUDGET**

The Board briefly review the budget documentation provided by Finance Director Corey Boyer. No action require or taken.

**5G. UPDATE: DEMOLITION OF 120 EAGLE LAKE ROAD NORTH AND 170 LAKE STREET SOUTH**

Mr. Thares reported that the home at 120 Eagle Lake Road North had been demolished and graded to normal level grade. He also provided a verbal update on the status of the demolition of the former senior citizen building located at 170 Lake Street South, stating that it has been delayed due to additional work that was found to have been required, which will postpone the demolition until the hazardous materials-principally asbestoes-removal process can follow its prescribed notice and waiting period requirement; then the contractor will proceed with final demolition of the building.

**5H. UPDATE: FAMILY DOLLAR STORE PROJECT (190 Jefferson Blvd)**

Mr. Thares briefly reviewed the format that will be used for providing updates on future commercial projects. BLEDA members asked if this could also be placed on the City website; Mr. Thares stated that staff would research this request. This item was for information only; no action required or taken.

**5I. UPDATE: R-5 STUDY**

Mr. Thares reported that staff had reviewed the proposal and looked at the proposed activities for the R-5 study, and determined that it would be beneficial to receive comment from the MN Dept. of Natural Resources; a draft letter that will be sent to the DNR was reviewed with the Board. No action required or taken.

**6. OTHER**

Mr. Thares reminded the Commissioners of the upcoming extra-territorial comp plan meeting that is scheduled for July 20<sup>th</sup> at 7:00 p.m.

President Dickinson recessed the regular meeting to a closed session at 9:57 p.m. to discuss the potential sale of properties.

7. **CLOSED SESSION: DISCUSS POTENTIAL SALE OF PROPERTIES:  
(65-409-0020 & 65-420-0115, 65-420-0120 AND 65-420-0110)**

President Dickinson called the closed session to order at 9:59 p.m. Attendees: Commissioners Robert Eddy, Jim Dickinson, Dave Gast, Doug Hayes, Chuck Heitz, Lori Kampa, and Jim Zwilling. Also present: City Administrator Patrick Wussow, Assistant City Administrator Scott Johnson, Community Economic Development Director Jim Thares, Finance Director Corey Boyer, City Attorney Soren Mattick, Economic Development Assistants Sandy Petrowski and Annie Deckert.

The Board discussed potential sale of properties. It was the consensus of the Board to direct staff to continue discussion with the potential purchaser.

President Dickinson re-adjourned the regular BLEDA meeting at 10:08 p.m.

7. **ADJOURN**

Commissioner Heitz motioned to adjourn the meeting at 10:09 p.m. Seconded by Commissioner Zwilling, unanimous ayes, meeting adjourned.