

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, MAY 14, 2007

1. CALL TO ORDER

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

2. ROLL CALL

Commissioners present: Robert Eddy (arrived at 7:05 p.m.), Dave Gast, Doug Hayes, Mike Hayes (sitting in as an alternate for the Township Representatives), Chuck Heitz, Lori Kampa, and Jim Zwilling. Commissioners absent: Jim Dickinson, Norm Leslie, and Jim Sanford.

Also present: Community Economic Development Director Jim Thares, City Administrator Scott Johnson, Finance Director Corey Boyer, City Attorney Soren Mattick, Economic Development Intern Sam Woods, and Economic Development Assistant Sandy Petrowski.

3. ADOPT AGENDA

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

4. APPROVE BLEDA MEETING MINUTES FROM APRIL 9, 2007

Commissioner Gast motioned to approve the April 9, 2007 BLEDA minutes. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5. BUSINESS

5A. PUBLIC HEARING: SALE OF BLEDA-OWNED LAND (65-401-0015)

Community Economic Development Director Jim Thares reported that the land for sale is a +/- 13,042 sq. ft. property that was recently purchased by the BLEDA and is located near Eagle Lake Road and near the future Martin Avenue extension. He noted that the property currently does not have access to any roadway. Mr. Thares reported that Mr. Jeff Nagorski has submitted an offer to acquire this parcel; Mr. Nagorski has also entered into purchase agreements with Jay and Nancy Adams as well as Tom and Lori Kampa for their respective properties which are located immediately to the north of the BLEDA-owned land which is for sale.

Mr. Thares further stated that an additional parcel (parcel A on map) is in the process of potentially being acquired by the City from the current property owner, Mrs. Stonehouse, for the road project. City Administrator Johnson added that staff is currently waiting for a response from Mrs. Stonehouse's attorney regarding an update on the appraisal.

Mr. Thares reported that Mr. Nagorski's current offer for the BLEDA-owned land is \$4.50/sq. ft. (approximately \$58,689), with a proposed closing date being extended to August 29, 2008.

Commissioner Eddy arrived at 7:05 p.m.

Chair Hayes opened the public hearing at 7:05 p.m. No one came forward for comment. Chair Hayes closed the public hearing at 7:06 p.m.

Mr. Thares briefly reviewed Finance Director Corey Boyer's May 10th memorandum pertaining to the following four (4) options that staff is asking the BLEDA to consider in regards to Mr. Nagorski's offer for Parcel A: 1) accept Mr. Nagorski's current offer; 2) counter Mr. Nagorski's offer with a higher price per square foot; 3) counter the offer, accepting the \$4.50 sq. ft. but adding an escalator/percent due to the length of time until the proposed closing; and 4) accept the \$4.50 sq. ft. offer based on a new proposed closing date that would be sooner than August 29, 2008.

Commissioner Heitz suggested that the \$100.00 in earnest money being offered by Mr. Nagorski be greater due to the property being held a one (1) year time period. Mr. Nagorski stated that requiring a larger amount of earnest to be held for one year does not make sense. He also stated that it would be desirable for him to also acquire Parcel A; Mr. Thares stated that it is the Council and not the BLEDA who has the authority to act on Parcel A.

Mr. Nagorski stated that, if he were able to acquire Parcel A and the BLEDA-owned land, the parcels could be combined with the Kampa and Adams properties for a possible small office site. Administrator Johnson stated that staff believed that having Parcel A and the BLEDA-owned land combined with the Kampa and Adams properties would make a good project. Mr. Nagorski asked staff it was possible that the Martin Avenue extension project would not go through in the future; Commissioner Heitz indicated that that is a possibility, dependent on how the Council would vote and he further stated that both Parcel A and the BLEDA-owned parcel would become more valuable should the Martin Avenue extension go through.

Commissioner Heitz asked Mr. Nagorski if he would be looking at tax abatement if he were able to acquire the four (4) properties and have a spec building; Mr. Nagorski stated that he was not sure at this time if tax abatement would be an option for him to consider.

President Hayes motioned to approve Option 4, which accepts Mr. Nagorski's offer of \$4.50 per square foot, with a new proposed closing date of May 1, 2008 (under the assumption that the Martin Avenue extension project is completed), and to increase the earnest money to \$500.00. Seconded by Commissioner Eddy. The motion passed with a vote of 4 to 2, with Commissioners Eddy, Hayes, Heitz, and Zwilling voting aye, and Commissioners Gast and Kampa abstaining. Commissioner Gast noted that he abstained due to the fact that he had previously discussed the project with Mr. Nagorski.

5B. GANDOLF GROUP HOUSING PRESENTATION

Community Economic Development Director Jim Thares reported that the Gandolf Group, a developer that focuses on affordable housing and assisted living projects, is interested in acquiring land in the City with the intent of developing approximately sixty (60) units through the Federal Government's Section 42 Affordable Housing Tax Credit program. Gandolf officials were in attendance to present their general concept for either TIF or another form of local financial support (i.e., waiver of impact fees, SAC/WAC fees, exceptions on zoning/density issues/density bonuses, or grant funding)

Mr. Bruce Larson, Mr. Jeff Peterson, Mr. John Rucker, and Mr. Robert Peterson, of the Gandolf Group, provided information on their proposed concept and answered questions of the Board. They informed the Board that they have a signed letter of intent with Miles Development for a parcel (approximately 7 acres) in the Prairie Meadows development (Outlot C).

Mr. Larson stated that if this project is funded, it would be their first project in Minnesota; with the hopes of using it as a showcase project in the metro area. He further reported that the proposed project would include: 1) sixty (60) two and three bedroom townhomes, each with a garage; 2) approximately 5% of the units would be handicapped accessible (1-level); 3) income levels to be targeted between \$17,000-\$44,000 (low-moderate income housing).

Mr. Larson informed the Board that the process for them now is to submit an application, and, if the award is given (approximately 90 days after application submittal), then they would move forward with plans, bid out the project, proceed with site plan approval process items, etc. At this time, the type of assistance that they are looking for from the BLEDA/City is a letter of intent/good faith commitment to support the project and Tax Increment Financing for the project.

Commissioner Eddy asked if the City has a demand for this type of housing. President Hayes stated that the City is in the process of conducting a housing study which will, hopefully, determine whether there is a need for the type of housing being proposed. Mr. Larson reported that they have recently conducted a very preliminary market study of comparable units in the area as well as the population, and they have found that there is a need for this type of housing. He stated that they have met with the Minnesota Housing Finance Agency and they are also of the belief that there is a fairly strong market in this area for this type of project.

President Hayes reported that a this property has been previously been brought before the Planning Commission for another project; however, there had also been issues at that time which should probably be looked at during this application process.

Commissioner Heitz stated his concern at the Council level would be: 1) the Tax Increment Financing, which would lock up the land for a number of years; 2) an increase in population which will add to the school district, which is already at capacity and looking to trying to build a new school for \$80 million. Mr. Larson stated that they have spoken with City staff recently and have looked at the projected payable taxes per year for the property, which he feels will be approximately \$66,000-67,000, and the TIF that they would be looking for would be approximately 50% of the projected taxes. He further stated that they feel that the proposed project would create an increased tax, and they are not asking for tying it up for a long period of time. Commissioner Heitz noted that the TIF would be locking it up for a minimum of 15 years.

Commissioner Eddy questioned whether or not there was a true need for this type of project at this time. Community Economic Development Jim Thares stated that staff does not know that at this time.

Community Economic Development Intern Sam Woods reported that the anticipated timeframe would be for a preliminary version to be done within 30 days, with a final version within 90 days.

Mr. Thares stated that having a couple of different options on the method of assistance that would be made available would be very useful in making a decision. Commissioner Heitz stated that he believed there was a need in the area for low-to-moderate income senior housing. Mr. Larson stated that, due to the priorities being set at the state level, TIF cannot be used for low-to moderate income senior housing. Commissioner Kampa agreed with Commissioner Heitz's statement on the need for senior housing. President Hayes stated that he would like more background information provided as to what the current needs are in the Big Lake community. Mr. Larson stated that they appreciated the Board's input as they feel it is better to know up front.

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

Mr. Thares reported that the improvements to the East Vestibule at Lake Shopping Center are nearing completion and suggested that the Board tour the area prior to the next month's meeting.

Mr. Thares stated that, due to the cancellation a prospective tenant's plans to lease the west 3,745 sq. ft. of the Lake Shopping center, staff is seeking the BLEDA's authorization to place a banner on the building to advertise the available lease space. He reviewed the quote received from Scenic Sign Company in the amount of \$245.00 for a 32 sq. ft. banner.

Commissioner Heitz motioned to authorize the purchase and placement of the banner advertisement as discussed. Seconded by Commissioner Kampa, unanimous ayes, motion carried.

Mr. Thares reported on recent issues with the negotiations with Dr. Sealock for the lease space located on the east end of the Lake Shopping Center which are currently being addressed by Dr. Sealock and Building Official Fred Patch, and the anticipation of a purchase agreement being signed in the near future. Mr. Thares indicated that Dr. Sealock was finishing with a remodeling project at his St. Michael store which should be completed within approximately two (2) weeks and, at that time, his crew would then move to the Lake Shopping Center site. Commissioner Heitz suggested that a timeline for work to be started at the lease site (i.e., June 15th) be negotiated between staff and Dr. Sealock.

It was also reported that Fugi's pizza is moving into their leased space at the east end of the Lake Shopping Center and that they will open in late May 2007.

5C-i. FYI: Transfer of SAC Unit Credits & Establish Policy on Allocation of Credits

This item for information only; no action required or taken by Board.

5D. BUSINESS RETENTION & EXPANSION (BR&E) PROGRAM

Mr. Thares reviewed Planner Annie Deckert's May 7th memorandum pertaining to the BR&E Program (i.e., red flags / concerns noted by businesses surveyed) and answered questions of the Board. Further updates will be provided to the Board at future meetings.

5E. EDA BUDGET

Finance Director Corey Boyer briefly reviewed the budget information; no action required or taken.

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

5F-i. Consider Change Order to Demo Contract–140 & 200 Eagle Lake Rd N Properties

Mr. Thares briefly reviewed a change order to the demolition contract entered into with Carlson Construction, Inc. to include the abatement of asbestos-containing materials and other hazardous waste (i.e., vermiculite) found to exist at 140 Eagle Lake Road North and 200 Eagle Lake Road North. It was noted when that the Council and BLEDA authorized staff to enter into the contract to demolish the buildings, and remove and dispose of junk, refuse and debris from the properties, the quote did not include abatement of hazardous waste. The Council and BLEDA then authorized staff to consider and administratively approve a contract extension to Carlson Construction, Inc. to abate hazardous waste in an amount not to exceed 25% of the base bid quote, or \$3,370.00; however, because vermiculite had been found at both properties and because the MPCA and the landfill operators require that vermiculite must be treated as asbestos-containing, the total abatement cost totals \$7,570 above the base demolition quote.

Mr. Thares reported that staff is recommending that the BLEDA and City Council accept the Change Order based on the lowest quote in the amount of \$7,570.00, bringing the total demolition cost for the properties located at 140 and 200 Eagle Lake Road North to \$21,050.00.

Commissioner Kampa moved to approve the Change Order to the demolition contract with Carlson Construction, Inc. in the amount of \$7,570.00 as presented. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5F-ii. Update: 100 Eagle Lake Road North Property

Mr. Thares reported that the most recent appraisal for this property has been provided to the owner, Mr. John Lahti, for his review. Staff will keep the Board informed of future developments with this property. No action required or taken by the Board.

5F-iii. Update: 210 Eagle Lake Road North Property

Economic Development Intern Sam Woods reported that staff has contacted several organizations regarding the donation or removal of the home located at 210 Eagle Lake Road North; however, if there is no resolution with any of these contacts, staff would, once the current lease with Curtis and Maria Hed expires, proceed with the placement of an advertisement for bids to purchase and remove the home from the property before they would proceed with seeking authorization for demolition bids.

5F-iv. Update: 260 Eagle Lake Road North

Mr. Thares reported that the home has been sold and is to be moved off of the property by June 1, 2007. For information only; no action required or taken.

5F-v. Update: Redevelopment Projects

Eagle Lake to Fern Street Area: Mr. Thares briefly reviewed his May 10th memorandum pertaining to the action items and timelines to get this area to the point of redevelopment. No action required or taken by the Board.

5G. PROJECTS STATUS REPORT

Mr. Thares briefly reviewed his April, 2007 report that was distributed at the meeting and answered questions of the Board.

5H. HOUSING MARKET ANALYSIS – COMPREHENSIVE HOUSING STUDY

Economic Development Intern Sam Woods reported that the City contracted with Maxfield after receiving grant funds and recently met with Maxfield representatives to discuss the scope of what would be covered in the housing study. It is believed that a preliminary housing study should be available within thirty (30) days which will allow staff sufficient time to review the documentation and make recommendations for a final study which should be completed within ninety (90) days.

5I. FYI: I-2 ORDINANCE

Staff has received feedback from Council Members and the Planning Commission; there will be a joint meeting of the Council and Planning Commission held on June 6th to consider a new I-2 ordinance as well as creating an I-3 ordinance.

Commissioner Kampa left the meeting at 8:38 p.m.

5J. BIG LAKE INDUSTRIAL PARK EAST

5J-i. Sale of Building: Big Lake Commerce Center – Sundstrom/Westrum Building

Mr. Thares reported that the 48,000 sq. ft. multi-tenant building is being sold to an investor from the Twin Cities and, due to it still being in a TIF district, and per the terms of the Development Agreement, the BLEDA is required to give approval to transfer property ownership via an “Assignment of Development Agreement” document which was provided for the Board’s review.

Commissioner Gast motioned to approve the Assignment of Development Agreement as discussed. Seconded by Zwilling, unanimous ayes, motion carried.

5J-ii. Updates: Paragon Store Fixtures / Sunny Fresh Foods / IMR

Documentation provided for information only; no action required or taken by the Board.

5J-iii. Update: Ataboy Building

Finance Director Corey Boyer reviewed his May 11th memorandum pertaining to the three (3) options currently available to the BLEDA when the 6-month redemption period on the foreclosed property comes up on May 15th; with staff’s recommendation to proceed with Option 2 which would be to pass on our intent to redeem (i.e., do not purchase the property) but rather pursue other means to collect on the EDA’s approximate \$61,500 loan owing on this property and for staff to work with the EDA Attorney to pursue the personal guarantees put up by the owners of Ataboy Manufacturing for the loan.

Commissioner Gast motioned to proceed with Option #2 (to pass on redeeming the property) and have the EDA attorney to attempt to pursue the guarantor’s guarantee. Seconded by Zwilling, unanimous ayes, motion carried.

5J-iv. Industrial Park Expansion Project

Mr. Thares reported that the Industrial Park Expansion Project (IPEP) Committee has endorsed the most recent concept that was presented for the proposed industrial park expansion and, following the resolution of a more details, the proposal can be forwarded to the City Council and Town Board for approval.

5J-v. Update: Industrial Projects at Big Lake Marketplace - No update.

5J-vi. Prospects Report

Mr. Thares briefly reviewed the prospects report.

5K. UPDATE: NORTHSTAR TRANSIT ORIENTED DEVELOPMENT (TOD)

Mr. Thares reviewed the May 7th letter which Bolton & Menk sent to the Northstar Corridor Development Authority regarding clarification on the transit-oriented development (i.e., the park-and-ride train station lot) adjacent to the Northstar Commuter Rail.

5L. MARKETING AND COMMUNICATIONS PLAN: REVIEW AND DISCUSSION

After a brief discussion on the provided documentation, it was the consensus of the Board to bring back to the June regular BLEDA meeting to discuss further.

5C. SINGLE FAMILY HOUSING AFFORDABILITY PROGRAM

Economic Development Intern Sam Woods reported that Mr. Kyle R. Storkamp has submitted an application for a single family housing affordability loan in the amount of \$5,000 for the purchase of a home located at 19053 Gunter Way. He further stated that Mr. Storkamp meets all of the requirements based on the BUD income guidelines and that staff is recommending approval of the \$5,000 loan.

Commissioner Heitz motioned to approve the \$5,000.00 Single Family Housing Affordability loan for Kyle R. Storkamp. Seconded by Commissioner Gast, unanimous ayes, motion carried.

6. OTHER

Mr. Thares reported that Annie Deckert has resigned her position of City Planner and that her last official day with the City would be May 25, 2007. Staff will be requesting Council approval at their next meeting to fill the recently vacated position.

Mr. Thares briefly discussed the packet information on the planning proposal for a sector initiative grant for the manufacturing industry in central Minnesota which is being coordinated by the Central Minnesota Workforce Investment Board and the Central Minnesota Jobs and Training Services. He further reported that staff has sent a letter of support for this grant, in which we would provide information about our industry services and participate in the initiative planning and design, provide feedback, use information and services developed, and champion the initiative.

7. **ADJOURN**

Commissioner Heitz motioned to adjourn the meeting at 9:08 p.m. Seconded by Commissioner Zwilling, unanimous ayes, meeting adjourned.