

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, DECEMBER 10, 2007

1. CALL TO ORDER

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

2. ROLL CALL

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

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

3. ADOPT AGENDA

Commissioner Heitz motioned to approve the agenda with Item #5B, Hotel Feasibility Study, being moved to the first item of Business, under Item #5A. Seconded by Commissioner Sanford, unanimous ayes, motion carried.

4. APPROVE BLEDA MEETING MINUTES FROM NOVEMBER 13, 2007

Commissioner Eddy motioned to approve the November 13, 2007 BLEDA minutes. Seconded by Commissioner Kampa, unanimous ayes, motion carried.

5. BUSINESS

5A. HOTEL FEASIBILITY STUDY

Community Economic Development Director Jim Thares reported that, per the BLEDA's direction at their 11/13/07 meeting for staff to obtain estimates on what it would cost to conduct a market study for a hotel/motel, City Planner Chmielewski obtained the following estimates, which are calculated for a "limited service hotel": 1) Business Plans, Etc. for \$3,900, 2) Maxfield Research for \$6,000-7,000; and 3) GVA Marquette Advisors for \$12,000.

Mr. Thares distributed a letter, received from Big Lake Marketplace officials earlier in the day, regarding their rationale for TIF/Tax Abatement incentives for a 31-unit hotel site in Big Lake Marketplace development, noting that Mr. Jim Brown and Mr. Marley Glines, representing Big Lake Marketplace, were in attendance to discuss this issue and answer questions of the Board.

The Board discussed whether it would be the responsibility of the City to fund such a study to determine the feasibility for such a hotel in the area and whether or not Big Lake would be a viable location for such a project.

Mr. Thares reported that staff has been informed that the developer of the proposed hotel project has completed a market study but declined to provide a copy of the study as they believed that their market study would not be beneficial to what the City was looking to determine from a study.

Commissioner Eddy stated that he recalls a past discussion in which the Board stated that a study should be looked into, not for the purposes of a specific developer, but for the City's own interest in order to market the Big Lake area in the future and to determine whether or not such a project would be viable for the Big Lake area. President Hayes stated that the reason why this type of study was being considered at this time was due to the TIF/Tax Abatement request that was presently before the Board. Commissioner Sanford voiced his concern with providing funding for this type of market study for one developer as it might be setting a precedent for future businesses/projects.

Mr. Marley Glines, of Big Lake Marketplace, stated that when they started looking at a marketing area for a hotel, they determined that a larger hotel (48 units) would not be supported in the area but that more of a business-man type hotel could be feasible in the area due to the planned and current businesses in the area that could potentially support such a hotel (i.e., the American Legion, medical clinic, potential future arena, Carousell Works, Remmele, Cargill, etc.) which is why they initially reserved a portion of the Big Lake Marketplace development for a potential hotel project.

Mr. Gary Poslusny, Commander of Big Lake American Legion, stated that the Legion has determined that weekends at the Legion in January through October are booked for weddings (ranging from 200-250 people at each event), and he further noted that many times people have specifically not booked their event at the American Legion due to the fact that there was not a hotel/motel in the immediate area to accommodate guests. He further noted his concern that Big Lake is located along a major highway but still has no hotel/motel facility located closer than a 6-10 mile radius.

President Hayes stated that, from the BLEDA standpoint, the assistance package being requested is fairly large. Commissioner Dickinson stated that the developer is requesting a \$270,000 assistance package but is not willing to share their marketing study, which makes it difficult for him to be in favor of considering/authorizing such a large assistance package.

Mr. Brown asked if the developer has provided a formal application to the City. Mr. Thares reported that no application has been received to-date. Mr. Glines reported that a purchase agreement is currently in process.

It was the consensus of the Board to direct staff to work with Mr. Glines and Mr. Brown to invite the developer to the January or February, 2008 meeting for a formal presentation of their hotel/motel proposal (i.e., what they will do, what they are requesting, what they feel the project will generate, etc.) and, at that time, the BLEDA can consider what, if anything, they can provide to assist the developer.

5B. BIG LAKE INDUSTRIAL PARK EAST

5B-i. Update: Paragon Store Fixtures

Mr. Thares reported that the City Attorney is in the process of revising the loan documents and, upon receipt of the revised documents, staff will obtain the appropriate signatures and forward to MN-DEED.

5B-ii. Consider Grant Extension – Industrial Molded Rubber (IMR)

City Planner Leslie Chmielewski reported that IMR's request for the Minnesota Investment Fund grant extension has been approved, moving the end of the grant period to December 31, 2008, and that staff will be periodically contacting IMR throughout 2008 regarding the progress of their job creation goal (per the grant agreement).

5B-iii. Prospects Report

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

5B-iv. Industrial Park Expansion

5B-iv.a Approve Resolution – Purchase Agreement

Mr. Thares reviewed his 12/06/08 memorandum on the proposed Purchase Agreement (P.A.) and a resolution authorizing the BLEDA to enter into the P.A. with Bruggeman Properties to acquire 38.4 acres of land located adjacent to the Big Lake Industrial Park East for a purchase price \$1,728,000 (\$45,000 per acre) to be split 50/50 between the Township and City, as well as \$45,000 in earnest money due at the signing of the Purchase Agreement which is to be split 50/50 between the Township and City.

Commissioner Eddy stated his concern with the wording in Section IIA1 (page 3) regarding indemnification and suggested that this wording should be reviewed by the City's Attorney.

Commissioner Dickinson, motioned to approve Resolution #2007-01, A Resolution Approving the Purchase Agreement for the Purchase of Industrial Land from Bruggeman Properties, LLC, contingent upon final attorney review of the wording of the last sentence in paragraph II-A.1 of the Purchase Agreement, and the minor grammatical change in 7th paragraph on page 2 of the Resolution, as discussed. Seconded by Commissioner Sanford, unanimous ayes, motion carried.

5B-iv.b Approve Resolution – Declaration of Covenants

Community Economic Development Director Thares reviewed his December 6th memorandum regarding the proposed Declaration of Land Covenants and Restrictions for the 38.4 acre expansion area of the Big Lake Industrial Park East, noting that it is staff's recommendation that the BLEDA adopt the Declaration of Land Covenants and Restrictions, via resolution, as presented.

Commissioner Dickinson motioned to approve Resolution #2007-02, A Resolution Approving the Declaration of Land Covenants and Restrictions for the 38.4 Acre Expansion of the Big Lake Industrial Park East. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5B-iv.c Approve Resolution – Sale of Bonds

Finance Director Corey Boyer stated that since the BLEDA meeting packet was distributed, there has been a discussion regarding the type of bonding that is being done and whether or not consideration should also be given for a private placement on this type of an issue.

Mr. Boyer reported that the resolution before the BLEDA at this time is for a negotiated sale, which is the usual type of bonding that has been used in the past; however, it may be beneficial to have staff conduct a more thorough comparison of a taxable bond versus a private placement bond in order to determine if there could be some savings and whether a lower interest rate could be obtained. He further stated that staff had a preliminary discussion with a local bank earlier in the day and there is interest to work toward a private placement bond, which may make it worthwhile to consider tabling the sale of bonds until next month's BLEDA meeting before a decision is made. However, if this item is tabled, Mr. Boyer asked that a motion be made to approve the drafting of a reimbursement resolution, which is necessary as the property is being purchased before the sale of bonds is called.

Mr. Boyer also explained that when/if the upcoming agenda item, "Approve Resolution - Inter-Fund Loan", is approved, it would cover the next few months until the proceeds from the sale of bonds are received and, once the proceeds are received, they will be used to pay off the inter-fund loan.

It was the consensus of the Board to table this sale of bonds issue until the January BLEDA meeting.

Commissioner Dickinson motioned to approve a resolution that would be compliant with IRS guidelines to allow the City to reimburse itself for expenses that may incur relative to the Industrial Park expansion. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5B-iv.d Approve Resolution – Inter-Fund Loan

Commissioner Dickinson motioned to approve Resolution #2007-3, A Resolution Authorizing the Advance of Certain Funds to Pay Costs Incurred in Connection with the Acquisition of Land for Industrial Purposes. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5B-iv.e Approve Resolution – Call Public Hearing

Commissioner Dickinson motioned to approve Resolution #2007-04, A Resolution Initiating Process for Adoption of Redevelopment Plan. Seconded by Commissioner Gast, unanimous ayes, motion carried.

5B-v. Consider Tax Abatement Request – Big Lake Clinic

After a brief discussion regarding the request and the provided documentation, Commissioner Heitz motioned to deny the request for tax abatement as the applicant has not met the standard "but/for" criteria to show a need for the assistance and the required financial information was not provided with the application. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

5B-vi. Update: Ataboy Building

Community Economic Development Director Jim Thares reviewed his December 6th memorandum regarding the status of the Ataboy Mfg, delinquent economic development loan, noting that staff was recently informed by the loan guarantors that they would be responding with a written counter-proposal to the BLEDA's latest counter-settlement offer; however, at this time, no documentation has been received from the guarantors. Staff will continue to provide updates to the BLEDA at future meetings. No action required or taken by the Board.

5C. UPDATE: MARKETING COMMITTEE

City Planner Leslie Chmielewski reviewed her December 5th memorandum regarding the recent meeting that the Marketing Committee held with Agency 128, noting that Agency 128 will be providing their marketing suggestions and cost estimates to the Committee in the first quarter of 2008. The Marketing Committee will then provide a more formalized marketing plan to the BLEDA for review at a future meeting. No action required or taken by the Board.

5D. BLEDA COMMISSIONER TERMS

The documentation was provided for the Board's information; no terms expire this year.

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

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

City Administrator Scott Johnson reported that the closing is scheduled for December 28th. After a brief discussion, it was the consensus of the Board that, if the closing does not take place on December 28th as schedule, then staff is directed to end negotiations and put the property back on the market

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

5F-i. Update: Redevelopment Project

Mr. Thares briefly reviewed the list of developers who received the RFP for this redevelopment project site, noting that the deadline for RFP submittals is Friday, 12/21/07 and that the submitted RFP's will be brought to the January 2008 BLEDA meeting for consideration. For information only; no action required by the Board.

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

President Hayes reported that the BLEDA approved an extension to the original lease with Curtis and Maria Hed through January 8, 2008.

After a brief discussion, Commissioner Kampa motioned deny the lease extension request received from Curtis and Maria Hed for the property located at for 210 Eagle Lake Road North. Seconded by Commissioner Eddy, the motion passed on a vote of 6 to 1, with Commissioners Eddy, Gast, Hayes, Heitz, Kampa, and Zwilling voting aye and Commissioner Dickinson voting nay.

5G. PROJECTS STATUS REPORT

Mr. Thares briefly reviewed the November 2007 Projects Status Report and answered questions of the Board.

Offer for City-Owned Property: Mr. Thares discussed a letter received from D.J. Bakken pertaining to the remaining unusable area of the city-owned property (located at the SE corner of Eagle Lake Road and Highway 10) that will remain after the right-of-way acquisition for the Eagle Lake Road/Highway 10 improvement project. It was noted that Mr. Bakken is offering a purchase price of \$2.00/sq. ft, for a total of \$27,042 for the 13,521 sq. ft. property. The Board was informed that a meeting has been scheduled for staff to meet with Mr. Bakken to discuss his proposal for this property and that the information will be provided to City Council.

Commissioner Dickinson left the meeting at 8:40 p.m.

5H. EDA BUDGET - For information only; no action required or taken by the Board.

Commissioners Leslie and Sanford left the meeting at 8:43 p.m.

5I. SFHAP LOAN REQUEST – MICHAEL AND SHAWNA BROWN

City Planner Leslie Chmielewski reviewed her December 3rd memorandum regarding the application submitted by Michael and Shawna Brown for a \$5,000 Single Family Housing Affordability Program (SFHAP) loan. Ms. Chmielewski reported that the applicants qualify for the loan based on the SFHAP income guidelines and staff is recommending approval of the loan request, noting that the SFHAP fund currently has \$9,500 in available funding at this time and, if this loan request is approved, there would be enough remaining to fund one additional application for an amount of \$4,500.

Commissioner Kampa motioned to approve the SFHAP Loan in the amount of \$5,000.00 to Michael and Shawna Brown for the purchase of a home in Big Lake. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

5J. SFHAP LOAN REQUEST – RYAN AND TRISTAN MILSTIEN

City Planner Chmielewski reviewed the application received from Ryan and Tristan Milstien for a Single Family Housing Affordability Program (SFHAP) loan. She noted that the amount remaining in the SFHAP fund is currently \$4,500 and that the applicants would be eligible for that amount based on the SFHAP income guidelines.

Commissioner Eddy motioned approve a SFHAP loan in the amount of loan \$4,500 to Ryan and Tristan Milstien for the purchase of a home in Big Lake. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

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

Mr. Thares reported that the next TOD Committee meeting is scheduled for December 19, 2007 at 5:00 p.m. No action required or taken by the Board.

6. OTHER

6A. REVIEW/AUTHORIZE BLEDA BUSINESS CARD PURCHASE

The Commissioners reviewed the draft business card format and were asked to provide staff with their preferred telephone numbers to be listed on the card.

6B. UPDATE: BIG LAKE FLORAL LEASE

Mr. Thares reported that the lease for Big Lake Floral has been extended on a month-to-month basis. For information only; no action required or taken by the Board.

6B. COMMISSIONER REPORTS

Commissioner Heitz: provided an update on the Northstar Committee and the maintenance facility.

Commissioner Kampa: discussed having staff draft a letter to the Council stating the BLEDA's concerns about public comments being made by Council Members in both the newspaper and at meetings, and suggested that President Hayes present the letter at the December Council meeting on the BLEDA's behalf. Commissioner Kampa also suggested that the Board consider acknowledging the good reporting that has been done by West Sherburne Tribune reporter Jennifer Edwards.

7. ADJOURN

Commissioner Kampa motioned to adjourn the meeting at 9:00 p.m. Seconded by Commissioner Heitz, unanimous ayes, meeting adjourned.