

AGENDA

JOINT POWERS BOARD MEETING TUESDAY, JUNE 25, 2019

4:00 p.m.

BIG LAKE CITY COUNCIL AND BIG LAKE TOWNSHIP BOARD

BIG LAKE CITY COUNCIL CHAMBERS
160 Lake Street North

- 1) Call to Order
- 2) Roll Call
- 3) Adopt Proposed Agenda
- 4) Business
 - 4A) Big Lake Industrial Park East Phase II – Price Point and Title Discussion
- 5) Adjourn

Disclaimer: This agenda has been prepared to provide information regarding an upcoming meeting of the Big Lake Joint Powers Board comprised of members of the Big Lake City Council and Big Lake Township Board. This document does not claim to be complete and is subject to change.



AGENDA ITEM

Joint Powers Board

Prepared By: <i>Hanna Klimmek, Comm. Dev. Dir.</i>	Meeting Date: 6/25/2019	<input checked="" type="checkbox"/> Regular Agenda Item <input type="checkbox"/> Consent Agenda Item	Item No. 4A
Item Description: <i>Big Lake Industrial Park Phase II – Price Point and Title Discussion</i>		Reviewed By: <i>Clay Wilfahrt, City Administrator</i> Reviewed By: <i>Deb Wegeleben, Finance Director</i>	

ACTION REQUESTED

Staff is requesting that the Joint Powers Board discuss and consider the recommendations provided by the Big Lake Economic Development Authority (BLEDA).

BACKGROUND/DISCUSSION

Price Point

The Big Lake Economic Development Authority (BLEDA) Strategic Plan calls for the BLEDA to set a price point for the Big Lake Industrial Park Phase II. This is in an effort to fulfill the strategy of selling the land by December 31, 2021. On January 1, 2022, if the land is not sold, the City and the Township will be responsible for jointly paying taxes on it. Staff estimates the taxes to be \$40,000 annually.

Phase II of the Big Lake Industrial Park was purchased in 2007. Since that time, infrastructure was built, the land became designated as Certified Shovel Ready by MnDEED, and platting has taken place. Throughout the 12 years of owning the property, marketing and selling the land has been difficult due to the downturn of the economy. Now that Big Lake has recovered and paying taxes on the land is near, it may be a good time to aggressively market. In order to do that, a price needs to be set.

There are 28.62 acres that are ready to be sold. The 28.62 acres also have \$322,988.16 in special assessments attached to them with three (3) years left to pay off. The assessed value has dropped by \$115,500 in only one year.

On March 22, 2019, Staff met with the BLEDA Finance Committee to discuss price point options. The BLEDA Finance Committee is recommending two (2) options for the BLEDA to consider and recommend to the Joint Powers Board for consideration and approval.

The two (2) options are as follows:

1. Remain Status Quo

- This option financially affects the City and Township at the present time due to costs of maintenance and paying off the special assessments.
- This option will financially affect the City and Township beginning January 1, 2022 due to the cost of annual taxes.
- The way the land is currently being marketed frustrates prospects as there's no clear expectations regarding land acquisition.
- Covenants over the land will require a Contract for Private Development (concrete tip-up building, no outside storage, timeline for commencement and completion, etc.).

2. Set a price point at \$1 / buyer assumes the special assessments and can pay off at closing or pay off over time / no incentive option for Tax Increment Financing or Tax Abatement for the buyer
 - This option would allow Staff to aggressively market.
 - If the land is sold, special assessments would be collected, taxes would be paid by an entity other than the City and Township, and jobs would be created.
 - Covenants over the land will require a Contract for Private Development (concrete tip-up building, no outside storage, timeline for commencement and completion, etc.)

During the April 8, 2019 BLEDA meeting, the two (2) options were presented and after discussion, the BLEDA unanimously supports and recommends the Joint Powers Board consider option 2. They recommend setting a price point at \$1 with the expectation that the buyer assumes the special assessments. The BLEDA also believes the low cost of land should be the incentive rather than processing a Tax Increment Financing or Tax Abatement package for the buyer.

Title / Timeline for Land Sale

Staff has been working with the City Real Estate Attorney and the Bond Council on both cleaning up title work on the Big Lake Industrial Park Phase II (the land now has a clean title), and defining a streamlined land sale process.

During the May 13, 2019 BLEDA meeting, Staff presented options for a streamlined land sale process. The options can be found in the attached correspondence between Staff and the City Real Estate Attorney, Amy Schutt.

Options:

1. If the Joint Powers Board would like for the BLEDA to continue to hold title on Phase II of the Big Lake Industrial Park, the first two options within the attached correspondence would work.
2. If the Joint Powers Board would support the idea of conveying Phase II of the Big Lake Industrial Park over to the City and Township (via Public Hearing for the transfer of property) due to the fact that the Purchase Agreement has been satisfied, the third option would work. Also, if the third option was chosen, there wouldn't be a need for the Architectural Review Board because the plans and specs wouldn't be required for land sale.

After discussion, the BLEDA unanimously supports and recommends the Joint Powers Board consider a transfer of land. They recommend that the City and Township should jointly hold title of the property rather than the BLEDA in an effort to expedite the land sale process. In addition to the recommendation, and if the Joint Powers Board decides to support the recommendation, it was advised that a document should be drafted for the Joint Powers Board to identify members who would be designated to sign closing documents on behalf of the Joint Powers Board.

FINANCIAL IMPACT

The financial impact will be determined by the price point discussion for the sale of land. Depending on what the Joint Powers Board decides in regards to who holds title to the land, there may be costs associated with a public hearing, attorney fees, and Staff time.

ATTACHMENTS

Email correspondence with City Real Estate Attorney, Amy Schutt.

From: [Amy Schutt](#)
To: [Hanna Klimmek](#); [Deb Wegeleben](#); [Michael Healy](#)
Subject: FW: Timeline for BLIPE Land Sale
Date: Thursday, May 9, 2019 11:44:23 AM
Attachments: [image004.png](#)
[image003.png](#)

The following documents apply to Phase II:

Statutory EDA land sale requirements (<https://www.revisor.mn.gov/statutes/cite/469.105>)

- Public hearing
- Approval of plans and specs

2001 OAA

- No relevant sale requirements

2007 Declaration

- As Deb and I discussed, this declaration was probably supposed to be superseded by the 2013 declaration. I'm going to assume for the purposes of this review that you will successfully obtain a release of this declaration. If not, then we run into additional issues with there being two review boards that have to review the plans.
- Architectural review board approval of plans and specs

2008 Lease-Purchase Agreement

- This contract doesn't really delegate any authority to the City/Township when it comes to sale of the property. Therefore, as long as the EDA is the owner, they have a say in the sale.
- This contract is satisfied, and the city/township could demand that the EDA transfer them a quitclaim deed

2008 Joint Resolution / JPA

- The city and town individually delegated their power to approve sale of the Property to a joint board, consisting of the entire board and council

2013 Declaration

- Architectural review board approval of plans and specs

2017 Joint Resolution / Amendment to JPA

- No relevant sale requirements

Given those requirements, I think the procedure for sale of Phase II land needs to be:

1. Offer is submitted to the BLEDA Executive Director
2. Notice the public of a Joint Powers Board Meeting
 - a. Executive Director meets with BLEDA Financial Committee beforehand
3. Joint Powers Board Meeting
 - a. CLOSED SESSION to consider offer
 - b. BLEDA Finance Committee will share their recommendation during the CLOSED SESSION
4. Offer/Counteroffer communicated to purchaser. Once a deal is made:
5. Site and building plans are submitted to the Community Development Department
6. Meeting - Architectural Review Board
 - a. Architectural Review Board meets and is presented with the site and building plans
 - b. Architectural Review Board approves or denies
 - c. Once approved;
7. Notice the public of a Public Hearing during the next scheduled BLEDA Meeting
8. Meeting - BLEDA
 - a. Public Hearing is held for the sale of land
 - b. The BLEDA considers and approves site and building plans
 - c. The BLEDA also approves a resolution authorizing the sale of property and authorizing the President and Executive Director to execute all documents necessary for the sale of property
 - d. Contract for Private Development (PA) is presented to the BLEDA and the BLEDA considers approval
9. Notice the public of a Joint Powers Board Meeting
10. Meeting – Joint Board
 - a. The board also approves the sale of property and executes a lessee consent to the Contract for Private Development
11. CLOSING

Depending on how deferential these bodies are, you might be able to work out some of this at a staff level and then present them with a finished product. That would look like this:

1. Staff/ BLEDA Executive Director negotiates tentative offer with developer and negotiates plans and specs
2. Site and building plans are submitted to the Community Development Department
3. Meeting - Architectural Review Board
 - a. Architectural Review Board meets and is presented with the site and building plans
 - b. Architectural Review Board approves or denies
 - c. Once approved;
4. Notice the public of a Public Hearing during the next scheduled BLEDA Meeting
5. Meeting - BLEDA
 - a. Public Hearing is held for the sale of land
 - b. The BLEDA considers and approves site and building plans

- c. The BLEDA also approves a resolution authorizing the sale of property and authorizing the President and Executive Director to execute all documents necessary for the sale of property
- d. Contract for Private Development (PA) is presented to the BLEDA and the BLEDA considers approval
6. Notice the public of a joint meeting of the Joint Powers Board Meeting
7. Meeting – Joint Board
 - a. The board also approves the sale of property and executes a lessee consent to the Contract for Private Development
8. CLOSING

As we discussed, the Purchase Agreement has been satisfied, and technically the township and city could request that the land be turned over to them. It would require one public hearing by the EDA for the transfer of all of the property. If that happened, the process for each individual sale thereafter would be:

1. Staff negotiates tentative offer with developer and negotiates plans and specs
2. Notice the public of a joint meeting of the Joint Powers Board, City, and Township
3. Meeting – Joint Board, City, and Township
 - a. The board, city, and township each approve the sale of property via one joint resolution
 - b. Contract for Private Development (PA) is presented to the board for approval
4. CLOSING

Note – in this case, the plans and specs wouldn't be required for the land sale, so it eliminates the need for the architectural review board at this point.

Let me know what you think.

Amy B. Schutt

Attorney

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From: Hanna Klimmek <HKlimmek@biglakemn.org>

Sent: Monday, May 6, 2019 1:56 PM
To: Amy Schutt <ASchutt@ck-law.com>
Cc: Deb Wegeleben <DWegeleben@biglakemn.org>; Soren Mattick <SMattick@ck-law.com>
Subject: FW: Timeline for BLIPE Land Sale

I just had a thought that may require more steps unfortunately.....

After the Architectural Review Board approves site and building plans, they will have to go back to the Joint Powers Board, correct?

-Hanna

Hanna Klimmek, EDFP
Community Development Director
City of Big Lake
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320-282-4994 - Cell
hklimmek@biglakemn.org



From: Hanna Klimmek
Sent: Monday, May 6, 2019 12:28 PM
To: 'Amy Schutt' <ASchutt@ck-law.com>
Cc: Deb Wegeleben <DWegeleben@biglakemn.org>; Soren Mattick <SMattick@ck-law.com>
Subject: Timeline for BLIPE Land Sale

Hi Amy!

I'm circling back to our discussion in March regarding timeline of land sale for the Big Lake Industrial Park Expansion Area. As you know, with your help, we are cleaning up some loose ends of title work but we do have an official recommendation from our bond council to make sure the Big Lake EDA holds title to the property as it streamlines the process a bit. So, how I see it, the Big Lake EDA is the administrative agent to the land sale.

Will the process below work?

1. Offer is submitted to the BLEDA Executive Director
2. Notice the public of a Joint Powers Board Meeting
 - a. Executive Director meets with BLEDA Financial Committee beforehand
3. Joint Powers Board Meeting
 - a. CLOSED SESSION to consider offer

- b. BLEDA Finance Committee will share their recommendation during the CLOSED SESSION
4. Offer/Counteroffer communicated to purchaser. Once a deal is made:
5. Site and building plans are submitted to the Community Development Department
6. Meeting - Architectural Review Board
 - a. Architectural Review Board meets and is presented with the site and building plans
 - b. Architectural Review Board approves or denies
 - c. Once approved;
7. Notice the public of a Public Hearing during the next scheduled BLEDA Meeting
8. Meeting - BLEDA
 - a. Public Hearing is held for the sale of land
 - b. Contract for Private Development (PA) is presented to the BLEDA and the BLEDA considers approval
 - c. The BLEDA considers and approves site and building plans
 - d. The BLEDA also approves a resolution authorizing the sale of property and authorizing the President and Executive Director to execute all documents necessary for the sale of property
9. CLOSING

Best,
Hanna

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