

JOINT POWERS BOARD MEETING MINUTES

CITY OF BIG LAKE AND BIG LAKE TOWNSHIP

CITY COUNCIL CHAMBERS

JUNE 25, 2019

1. CALL TO ORDER

Mayor Wallen called the meeting to order at 4:00 p.m.

2. ROLL CALL

Council Members present: Mayor Mike Wallen, Rose Johnson, and Paul Knier. Council Member Seth Hansen arrived at 4:15 p.m. Council Member absent: Dick Backlund.

Town Board Supervisors present: Chair Bruce Aubol, Larry Alfords, Dean Brenteson, Bob Hofer, and Norm Leslie.

Also present: Community Development Director Hanna Klimmek, Finance Director Deb Wegeleben, City Engineer Layne Otteson, City Clerk Gina Wolbeck, Township Treasurer Ken Warneke, Township Clerk Brenda Kimberly-Maas, and Township Deputy Clerk Jayme Swenson.

3. ADOPT PROPOSED AGENDA

Council Member Knier motioned to adopt the proposed Agenda as presented. Seconded by Town Chair Aubol, unanimous ayes, Agenda adopted.

4. BUSINESS

4A. Big Lake Industrial Park East Phase II – Price Point and Title Discussion

Hanna Klimmek discussed the 28.62 acre Big Lake Industrial Park East (BLIPE) Phase II property regarding establishing a price point and title ownership of the land. The Big Lake Economic Development Authority (BLEDA) Strategic Plan calls for the BLEDA to set a price point for the BLIPE Phase II. This is an effort to fulfill the strategy of selling the land by December 31, 2021. If the land is not sold by that date, the City and Township will be responsible for jointly paying taxes on it which is estimated to be \$40,000 annually.

Klimmek reviewed the history of the purchase of the Phase II land that was completed 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, the BLEDA felt it appropriate to aggressively market the land and to set a price point. At the April 8, 2019 meeting, the BLEDA unanimously supported and recommended that the Joint Powers Board consider Option 2 which would set a price point at \$1 and the buyer would assume the special assessments tied to the parcel which can be paid off at closing or over time. There would also be no incentive option for Tax Increment Financing or Tax Abatement for the buyer. This option would allow Staff to aggressively market the property. If the land is sold, \$322,988.16 in special assessments would be collected, taxes would be paid by a private entity, and jobs would be created.

Klimmek also discussed Staff's efforts in working with the City's Real Estate Attorney and Bond Council on both cleaning up title work on the Phase II land, and defining a streamlined land sale process. The land now has a clean title, and at the May 13, 2019 meeting, the BLEDA unanimously supported and recommended that the Joint Powers Board (JPB) consider transferring ownership of the land to the City and Township which would expedite the land sale process. The BLEDA also recommended that if the JPB decides to support their recommendation, it was advised that the JPB identify members who would be designated to sign closing documents on behalf of the JPB.

Supervisor Alford discussed the requirements of the Architectural Review Board (ARB). Klimmek explained that if the City and Township take ownership of the land, all approvals would come through the JPB, not the ARB as the lease/purchase agreement has been satisfied. Klimmek also noted that the developer would still be required to meet the Covenants.

Chair Aubol asked for clarification on who currently owns the land. Klimmek explained that the BLEDA currently holds title to the land, and State Law requires a public hearing and a contract for private development for any land sale by an Economic Development Authority which can delay a closing by about a month. Klimmek noted that the Covenants will remain in place, but the transfer of land would streamline future purchases.

Supervisor Leslie discussed the Covenants on the Industrial Park. Leslie noted that he has been frustrated with the project since BLEDA purchased it back in 2007. There has been a lack of interest, failed applications, complications with determining land worth, and excessive appraisal expenses. Leslie stated that he favors conveying the land to the City and Township and feels that it will clear up confusion for potential developers. Leslie confirmed that he would not be interested in offering any other incentives other than the land for sale for a \$1.00.

Council Member Knier asked what assurances a developer would be giving us if we agree to sell land for \$1.00. Discussion was held on writing in a claw-back cause on the purchase agreement to protect the City and Township, and possibly requiring a 2-year commencement date. Board Members also discussed potential tax revenue from vacant land versus built-out land, that need to streamline the sale process, the need to uphold the Parks Covenants including building requirements, and to not compromise the Industrial Park at this point.

Supervisor Brenteson expressed that land for a \$1.00 is a good incentive for a developer to stay with a quality building. Discussion was held on how many projects could potentially build out in the Phase II area. Klimmek noted that a developer could possibly purchase the entire park, or it could be split out for approximately ten projects.

Supervisor Alford asked if we can regulate how long a business is required to stay after the building is constructed. Council Member Johnson and Council Member Hansen questioned how we would remedy the requirement if the purchaser leaves before the timeframe required. Mayor Wallen discussed that it would be hard to impose a time restriction, noting that someone is going to pay the taxes regardless whether it's the builder or the lender. Supervisor Alford expressed that a lender is not always involved in these types of projects.

Council Member Knier asked what the process would be if there are multiple offers. Brenda Kimberly-Maas asked if each parcel would carry a \$1.00 fee, or if a developer could potentially purchase the whole park for \$1.00. Klimmek responded that a developer could possibly purchase the entire park for \$1.00 if they have plans to build it out. Board Members discussed a possible 5-year declining scale and how other entities have handled this requirement.

Supervisor Aubol motioned to approve the recommendation of the Big Lake Economic Development Authority to convey the BLIPE Phase II property to the City of Big Lake and Big Lake Township, contingent upon any required revisions to the Joint Powers Agreement. Seconded by Council Member Hansen, unanimous ayes, motion carried.

Supervisor Aubol motioned to approve the recommendation of the Big Lake Economic Development Authority for approval of Price Point Option 2. Seconded by Council Member Hansen, unanimous ayes, motion carried.

Council Member Hansen motioned to approve the recommendation of the Big Lake Economic Development Authority to designate the Mayor of the City of Big Lake, and the Chair of Big Lake Township to be authorized signers on all legal documents on behalf of the Joint Powers Board. Seconded by Council Member Knier, unanimous ayes, motion carried.

Council Member Knier questioned when the developer's financial commitment would begin. Deb Wegeleben explained the process for paying Special Assessments due on a parcel which can be paid at time of purchase, or on a set schedule. Wegeleben also confirmed that once a parcel is conveyed, the new owner will be responsible to pay all Special Assessments going forward on an annual basis.

Kimberly-Maas asked if the JPB will need to meet again to draft a boiler plate purchase agreement. Klimmek explained the process when an offer is made on a parcel which can commence with a Purchase Agreement drafted by the City/Township, or could be on a format provided by the developer. Klimmek presented a draft marketing brochure for the Phase II area and Board Members asked that the population of both the City and Township be reflected in marketing materials. Chair Aubol discussed past internet issues that businesses have experienced in the Phase I area of the Park. Klimmek reviewed the fiber that was run to the Park and indicated that broadband issue have been addressed and the need for fiber has been met.

5. ADJOURN

Council Member Knier motioned to adjourn at 4:35 p.m. Seconded by Town Supervisor Leslie, unanimous ayes, motion carried.

Gina Wolbeck
City Clerk

Approved by the Big Lake City Council on 07/10/19
Approved by the Big Lake Township Board on 07/10/19