

## ECONOMIC DEVELOPMENT AUTHORITY

2:00 P.M.

Wednesday, May 8, 2024

Present: Nelson French  
Richard DeRosier  
Shane Hoff  
Steve VanHouse  
Katelyn Goutermont

Absent: Beth Smuk  
Alex Truax

Lana Fralich, City Administrator  
David Drown, Economic Development Director  
Casey Goutermont  
Phil Huston  
Wendy Jensen  
Vickie Thompson  
Carolyn Hudyma  
Donny Thompson  
Chuckie Knudson

French called the meeting to order at 2:00 p.m.

**Agenda** – Motion by VanHouse, second Goutermont to approve the agenda as presented.  
**MOTION CARRIED.**

**Minutes** – Motion by VanHouse, second Hoff to approve the minutes of the February 7, 2024 regular meeting. **MOTION CARRIED.**

**COMMUNICATIONS-** None at this time.

**Economic Development Director-** Nothing at this time.

### **OLD BUSINESS –**

**Boathouse Bay-Revised Sources and Uses-** David Drown provided an update regarding the Boathouse Bay project. The project consists of two phases, the water/sewer portion would be owned by the city and paid with IRRR grants and tax increment financing. It was discovered the tax increment financing will be insufficient to cover the debt over 8 years and tax abatement be required for two years. The developer has proposed to Northland Construction a \$347,774 reduction of contract for the erosion control and ponding portion, in which the developer will complete himself. He has contacted Lake County Environmental Officer and Northland Construction and both are in agreement with proposal. The proposed changes include change the contract with Northland Construction with a deduction of \$347,774, transfer \$200,000 of IRRR grant monies to be used for private water/sewer. IRRR has been contacted and they have no problem using grant for private use, this will leave the city short \$200,000 and require an increase in the TIF bond from \$1.7 to \$1.9 with 10-year repayment. Funding to cover cost of the wastewater lift station from utility revenues was originally estimated at \$200,000, costs for inspection by city engineers have increased an estimated \$100,000 raising the city portion to \$270,000. Drown has not received confirmation from the bank that project is a done deal but expects it will be soon. The development agreement is completed but not signed.

DeRosier clarified that a lot of the water/sewer improvements have focused on the project but the city will also be benefiting from the improvements. Discussion followed regarding clarification of what developer is paying for, timeline of approval by the bank, IRRR not funding if the project fails, taxpayers are not being asked to issue debt and guarantee bond payment and if the project fails the city and taxpayer hold no responsibility. The increased tax revenue in eight years will be put toward city street improvement, further discussion followed regarding difference between available grants and using tax revenue to improve streets. Board requested any further changes to contract be brought to EDA meeting and keep the board informed of changes. Motion by DeRosier, second VanHouse to recommend approval to City Council. There was discussion regarding how the developer is paying for project, rising costs and inflation. MOTION CARRIED.

**Rocky Wall Productions Update-** French provided an update on the Music in the Park 2024 schedule. Rocky Wall Productions have received a generous grant from MN State Arts Board to continue in providing music for the community. The Rocky Wall Production board has approved raising \$25,000 and will establish an 11-member team who meet over the next eight months to refine the vision of City Center Park and Amphitheater as identified in Downtown Conceptual Design plan, entering into a contract with Damon-Farber to facilitate the design effort. Discussion followed regarding keeping free concerts after a new city center/amphitheater is built.

**Golf Course Subdivision Zoning Setbacks and Other Requirements-** Drown provided an update on the Golf Course Subdivision. The preliminary plat has been completed, reviewed by city engineer and ready for Planning & Zoning review. Discussion regarding number of lots, lot sizes, streets, utilities, permitted uses, conditional uses, set-backs, streets and sidewalks. Further discussion followed regarding VRBO's. Drown reports that the previously selected Odessey Realty Company is no longer in a position to assist with pricing and sales, he will reach out to other realtors.

## **NEW BUSINESS-**

**Belay Realty Flea Market Proposal-** Phil Huston presented a proposal to have a flea market in the business park area over the summer season in hopes to generate more interest in permanent businesses in the area. The location would be between Black Beach Inn and the greenhouse. The proposal includes temporary buildings for vendors, food truck, kayak and ebike rentals and a parking area. Huston stated the congestion in the Black Beach area will be worse this year due to construction, he provides shuttle service and would like to add a small bus to his shuttle service. Discussion followed on interested vendors, vendor sheds, on-site manager, parking problems, construction timeline, license and permit requirements, potential hours, charging for parking in Black Beach area. Consensus of board it is a good idea on a short-term basis but to continue to focus on permanent businesses in the business park.

**Belay Realty Signage and Kiosk-** Phil Huston is co-owner and listing agent of the lot located on the highway into the City. He would like to place signs he has purchased on the lot and potentially create a gateway to the city. Discussion followed regarding purpose of signage, keeping or selling the property, moving Rocky Taconite to location. Motion by DeRosier, second Hoff in support of larger sign and referring Huston to Gary Thompson, Planning & Zoning director for advice on how to proceed. MOTION CARRIED.

**Timber Coffee Loan Application-** Timber Coffee LMC was approved a \$50,000 loan from the EDA's revolving loan fund in 2021, there is currently \$27,000 remaining on the loan. They are

requesting a second loan in the amount of \$9700 to finance three items of equipment. The proposed loan would be structured the same as the original loan: monthly payments over five years at an interest rate of 3%. The loan would be secured by a lien on the new equipment, plus the personal guarantee of the owners. It was noted that there are three payments paused on the original loan but current payments are up to date. Discussion followed regarding loan policy, completed application and required information. Motion by DeRosier, second VanHouse to refer loan application to City Attorney for review and recommend Council approval. MOTION CARRIED with Goutermont abstaining.

Motion by VanHouse, second DeRosier to adjourn at 4:00 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson  
via recording.