

Minutes
of the
Regular Meeting of the
Detroit Lakes Development Authority
Tuesday,
February 16, 2010
4:30 PM, City Administration Building,
Conference Room

MEMBERS PRESENT: Jim Anderson, Greg Hildenbrand, Tom Klyve and Mary Beth Gilsdorf

MEMBERS ABSENT: Mark Hagen, Dennis Winskowski and Bruce Imholte

OTHERS PRESENT: Robert Louiseau, Pippi Mayfield and Larry Remmen

I. CALL TO ORDER:

Chairman Jim Anderson called the meeting of the Detroit Lakes Development Authority to order at 4:30 PM in the Conference Room of the City Administration Building, 1025 Roosevelt Avenue on Tuesday, February 16, 2010. All members of the Authority have been duly notified of the meeting and the business to be transacted.

II. MINUTES:

A motion was made by Commissioner Greg Hildenbrand seconded by Commissioner Mary Beth Gilsdorf and carried unanimously to approve the minutes of the regular meeting held January 5, 2010.

III. FINANCIALS:

A. CONSIDERATION TO THE APPROVAL OF THE FINANCIAL REPORT AND PAYMENT OF CLAIMS THROUGH NOVEMBER 30, 2009

A motion was made by Commissioner Mary Beth Gilsdorf, seconded by Commissioner Tom Klyve and carried without dissent to approve the financial report and payment of claims through December 31, 2009.

IV. OLD BUSINESS:

A. None

V. NEW BUSINESS:

A. CONSIDERATION TO APPROVING AMENDMENTS TO TAX INCREMENT FINANCING PLANS 28-1 UNION CENTRAL AND 29-1 THE WATERFRONT

Larry Remmen explained that these amendments were technical in nature dealing with the legal language that was changed by the State Legislature. Larry Remmen also noted that these revisions have already been approved by the City Council and do not alter the tax increment amounts or time schedule that was previously approved.

A motion was made by Commissioner Mary Beth Gilsdorf, seconded by Commissioner Greg Hildenbrand and carried unanimously to adopt the resolution approving the amendments to TIF District 28-1 and 29-1.

**DEVELOPMENT AUTHORITY
PAGE TWO**

B. CONSIDERATION TO THE LOAN COMMITTEE PROCESS

Without objection, Chairman Jim Anderson deferred action on this item.

C. CONSIDERATION TO THE LOAN REQUEST FOR WASHINGTON INDEPENDENT CARE, (LLC, THE UNION CENTRAL PROJECT)

Larry Remmen reported that Bob Bristlin was requesting a loan of \$240,000 to \$260,000 for the Washington Independent Care project which consists of 30 senior apartments on the Washington School site.

Larry Remmen noted that the total project cost is \$3,368,000 and that \$350,000 in tax increment financing was approved earlier. The reason for requesting a gap loan is that the banks at one time were willing to provide a loan for up to 80% of the project, but now are only willing to fund about 70% of the project. This loan will enable the project to move forward. The banks are willing to provide a loan with a 25 year amortization and a 5 year balloon. We generally tie our loan approval to receiving the required bank financing for the project.

Larry Remmen also informed the authority that Bruce Imholte, who could not attend the meeting, wondered if it was possible for the applicant to increase his contribution to the project and reduce the amortization of his loan request. Bob Bristlin stated that it might be possible but it could stretch his finances very thin and make the project more difficult.

Tom Klyve asked about the project and was informed that there would be 30 senior independent care units built. Emmanuel will provide services for a fee for those who request additional services.

Bob noted that the base rent was used to prepare the financial reports for this project. There was a brief discussion of the services to be provided and Bob stated that Emmanuel had 15 people on their waiting list for apartments.

The funds will be used for construction interest and debt service.

A motion was made by Commissioner Tom Klyve seconded by Commissioner Mary Beth Gilsdorf and carried without dissent to finance the loan gap with up to \$250,000 in IRP funds with the following terms:

- 25 year amortization
- 5 year balloon
- 5% interest rate
- Contingent on approval of bank financing for the project.

D. COMMUNITY DEVELOPMENT ANNUAL REPORT

Larry Remmen noted that the highlights for 2009 included the progress made in implementing the Business Corridor Project (RDG) and the two grants; \$250,000 State and \$1,119,000 EDA or the addition to the Detroit Lakes North Industrial Park this year.

Without objection the report was accepted by the Authority.

**DEVELOPMENT AUTHORITY
PAGE THREE**

E. CONSIDERATION TO ACQUISITION OF FEE TITLE TO THE HIGHWAY 10 TURNBACK

Larry Remmen reported that when the State turned back the vacated Highway 10, the City only received a highway easement not underlying title fee. We have contacted the two owners we know to try to acquire the property. We have been unable to reach the other 3 owners. Since we do not have standing to initiate quiet title, it may be necessary to start eminent domain proceedings action on these properties or find some way to obtain the underlying fee title to these parcels.

A motion was made by Commissioner Mary Beth Gilsdorf, seconded by Commissioner Greg Hildenbrand and carried unanimously to acquire title to these properties through eminent domain or other means of acquisition.

F. OTHER

Larry Remmen provides information about the Waterfront Project and stated that Drew Olson was requesting approval of Recovery Zone Facility Bonds. Larry Remmen noted that these bonds were similar to Industrial Revenue Bonds and were not a City obligation. The County has an allocation of \$1,371,000. The consensus of the board was that they were willing to consider this type of financing but will require detailed information for Drew prior to making any formal commitment.

VI. Adjournment

There being no further business to bring before the Board, the meeting was adjourned.

Signed

Larry Remmen
Community Development Director