

# Special Meeting of the Koochiching Economic Development Authority

Tuesday, May 31st, 2016  
Koochiching County 3<sup>rd</sup> Floor Conference Room

- Board Members Present:** Brian McBride, Bob Anderson, Mike Hanson, Allen Rasmussen, Wayne Skoe (Alternate)
- Members Absent:** Harley Droba, Wade Pavleck
- Staff Present:** Paul Nevanen, Kyra Briggs
- Others Attending:** Emily Gedde (The Journal), Ricky Roche, Jean Evans, Dan McCarthy, Cynthia Jakska, Crystal Clance, Larry Oveson, Steve Shermoen

Meeting called to order at 9:10 a.m. by Chairman Rasmussen.

\*Propose of the Special Meeting is for the review of information and consideration for a potential land sale in the International Falls Business Park.

- 01 Rasmussen explained the purpose of the meeting and local businessman, Ricky Roche, has inquired to purchase a lot in the International Falls Business Park. Nevanen explained the proposal and noted Steve Shermoen has been invited to the meeting also. Nevanen then explained the guidelines that were adopted for the Business Park when the park was first created, and gave a brief history on the park and prior agreement for one of the other lots. Nevanen stated an appraisal was completed in 2005 on the first lot, which is comparable in size, and came back at \$20,000 for the land, noting that amount was paid back to the KEDA with the last agreement that fell through. Nevanen explained the difficulty for some businesses wanting to build new, as there are not many development sites available in this area. Shermoen reiterated the guidelines for the Business Park, noting he believes the purpose of job creation is the most important and the KEDA Board reserves the right to modify the criteria as sees fit. Shermoen noted the guidelines were created when there were seven different lots and wetlands were not as big of an issue as they are now, adding lots 1 and 2 are no longer available, so this is the last useable lot the KEDA has that is ready to go. Shermoen stated the construction of the new building will create construction jobs, a new useable building and new positives for a community that has taken many hits the past couple years. Shermoen explained if the KEDA Board would like to move forward with a tentative agreement, a public hearing will be needed. Roche referenced an email in the packets that was sent to the KEDA from Larry Oveson, replying to a comment in the email that he doesn't need to look to KEDA for financing and has his own financing available. Roche stated he wants to build a building for an existing business with 6 full-time and 3 part-time employees as their current building is falling down and needs to keep the water running in the winter to prevent the pipes from freezing. Roche added if the business decides to not move forward with leasing the new building, he will utilize it for his Cold Weather Testing and bring his customers from the current location at his salvage yard in the county to the new building inside the city, noting his Cold Weather Testers bring lots of economic benefit to the community with eating at restaurants, staying in hotels, purchasing fuel, etc. Discussion on a public hearing and guidelines. Shermoen stated anytime a public entity sells land that they own, a public hearing is required to hear input from the public, adding the need to address each guideline in a resolution to ensure all options are considered. Shermoen further explained the guidelines and referenced the last agreement on the other lots in the Business Park, noting there could be certain exceptions given for jobs created at a later date, however the KEDA Board could look at this agreement as a job retention instead of job creation. Shermoen stated he doesn't know the details of the building or the business, but noted the KEDA Board wants to help and do good things for the

Community. Anderson questioned Roche if there would be a potential job loss if this building wasn't built. Roche responded he didn't believe that would be the case as the business would look to other options in the area. Dan McCarthy questioned the need for a public hearing and expressed his opinion of Mr. Roche being a good businessman. Shermoen stated that because the KEDA is an entity by State Statute, they are required to have a public hearing, adding he believes it is appropriate for the board to have a hearing along with a proposal from Roche and/or developers agreement available to the public and explained the process of events that should take place. Comments from the audience on Mr. Roche and the City's tax base. Discussion of the board on the public hearing and value of the lot. Rasmussen questioned if another appraisal is needed. McBride stated the current appraisal is at least ten years old. Roche stated the lot also needs substantial fill in order to bring the lot up to be built on and will take approximately a year to get the lot prepared. Hanson stated he urges his fellow colleagues to find a way to move to an agreement with Roche and allow him the investment even if there isn't specific job creation. McBride stated he agreed, however, there are guidelines that need to be followed. Hanson agreed also and added there should be a way to make it easy for Roche and to have some kind of claw backs. Shermoen referred to the appraisal and it being older than 10 years, noting a bank would need an updated appraisal and encouraged the board to obtain a new appraisal. Clance questioned Roche if he had a timeline of the request and a backup plan. Roche responded the businesses lease is good until December 2017, and has a little over a year to get the building built. Clance questioned Roche if the deal falls through with purchasing the land. Roche responded he would find a different parcel to purchase in the City. Nevanen asked Roche to confirm the building size he is proposing. Roche stated it is a 120x80 foot metal building. Discussion on setting up a public meeting. Shermoen stated there is some work that needs to be done and referred to the steps that should take place, noting a public meeting sometime in July would be realistic. Anderson questioned if an appraisal could be completed within three weeks. Shermoen responded there are 2 local appraisers, and believes three weeks would be realistic, adding the appraiser who completed the last appraisal may be able to do it quicker as they wouldn't have to start from scratch and would already have all the information. **Motion by Anderson, a second by McBride to authorize the Executive Director Nevanen and Attorney Steve Shermoen to secure an updated appraisal for the property, Lot 1 Block 2 of the International Falls Business Park and create a developers agreement to be presented at the June 21<sup>st</sup> KEDA meeting. Motion carried unanimously.** Shermoen stated the KEDA would need something in writing from Roche, then a developers agreement would be created. Roche reiterated he should write up a proposal and present it to Nevanen. Nevanen stated that was correct, adding the KEDA has a standard developers agreement he could show Roche.

02 Meeting adjourned at 9:49 a.m.