



**INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
MONDAY, FEBRUARY 6, 2012
6:00 P.M.**

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT AGENDA – All items on the Consent Agenda are considered routine and have been made available to the Economic Development Authority at least two days prior to the meeting; the items will be enacted in one motion. There will be no separate discussion of these items unless a Boardmember or citizen so requests, in which event the item will be removed from this Agenda and considered in normal sequence.

A. Minutes – November 7, 2011 Regular Economic Development Authority Meeting

B. Claims

4. PUBLIC HEARING

A. Excess Golf Course Properties

1. Resolution Regarding Development Districts

2. Resolution Regarding Transfer of Funds

3. Resolution Regarding Purchase Agreement

5. REGULAR AGENDA

A. Small Business Loan Program

B. Progress Plus Update

C. 2012 Work Plan

D. Gun Club Site Update

5. ELECTION OF OFFICERS

6. NEXT MEETING

7. ADJOURN

MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development 
DATE: January 19, 2012 for EDA Meeting of February 6, 2012
SUBJECT: February 6 EDA Agenda

The following are comments regarding the February 6 Economic Development Authority (EDA) agenda, as well as a couple of miscellaneous items:

- Claims – This is a consent agenda item. Enclosed is a memo summarizing the recent claims.
- Excess Golf Course Property – The EDA will hold a public hearing to consider the creation of two development districts. These districts correspond to the two excess golf course properties that the EDA is considering acquiring from the City. If the development districts are approved the EDA can consider the acquisition of two excess golf course properties. Enclosed is a cover memo, a resolution, and draft purchase agreement. EDA action is requested. Two additional resolutions and a memo from the City Administrator will be distributed later in a supplemental packet.
- Small Business Loan Program – This item is part of the EDA's 2011 work plan. Representatives from the Metropolitan Consortium of Community Development and South St. Paul Futures will be present to discuss administration of the program. Enclosed is a memo and background information. EDA direction is requested.
- Progress Plus Update – Progress Plus provides regular updates at the EDA meetings. Enclosed is information provided by Progress Plus, including the 2012 Progress Plus work plan.
- 2012 EDA Work Plan – This will set forth the principal efforts of the EDA for this next year. Enclosed is a memo. EDA direction is requested.
- Gun Club Site – The Minnesota Department of Transportation and Dakota County met last week to discuss the required level of remediation activities. The City is waiting to hear of the meeting's results. City staff has also explored alternative funding sources for City environmental investigations. A further update will be provided at the EDA meeting.
- Election of Officers – The February EDA meeting is its "annual meeting". As such, its bylaws require the election of officers. The current officers are George Tourville as President, Rosemary Piekarski Krech as Vice-President, Bill Klein as Treasurer, City Finance Director as Assistant Treasurer, and the Executive Director's designee as Secretary.
- Acquisition Policy – At its last meeting the EDA approved the Acquisition Policy. Enclosed, for the EDA's information, is a copy of that policy.
- Website - At its last meeting the EDA directed staff to investigate the City's website to better highlight economic development activities. City staff has discussed this matter and will pursue it in the coming months as the City considers update of its entire website. Staff will keep the EDA informed of activities.
- Next Meeting – The next meeting is Monday, May 7 at 6:00 PM.

Enc: Acquisition Policy

cc: Ellen Watters, Progress Plus
Jennifer Gale, Progress Plus

NO DINNER WILL BE SERVED AT THE EDA MEETING

CITY OF INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
POLICY FOR THE ACQUISITION AND DISPOSAL OF REAL ESTATE

Purpose

The purpose of this policy is to provide a uniform and consistent approach for the City's Economic Development Authority's (EDA's) acquisition and disposal of real estate. The City undertakes economic development activities to increase the tax base, improve employment opportunities, provide a wide variety of goods and services, eliminate blight, and generally provide for the community's economic viability and vitality. The EDA will follow all Minnesota Statutes that refer to property acquisition and disposal and reserves all rights to acquire and dispose of property, as permitted by Minnesota Statute. While the EDA recognizes that each property is unique and must be handled on a case by case basis, the EDA will generally use the following procedures for real estate activities.

Activities

The EDA may acquire or dispose of real estate for the following economic development activities:

- Construction of buildings
- Demolition of buildings
- Construction of infrastructure and facilities
- Land assemblage
- Environmental investigation and remediation
- Blight elimination
- Control of development/ redevelopment

Procedure for Acquiring Property

The EDA will use the procedure, as generally outlined below, for the acquisition of real estate:

- The EDA determines the public purpose of the acquisition and analyzes and determines the overall feasibility and appropriateness of the proposed acquisition. Factors to consider include, but are not limited to, the legal authority for acquiring the property, developability of the property, uses and development design, environmental contamination, infrastructure, economic development benefits, consistency with the comprehensive plan's land use designation, goals, objectives, and policies, consistency with city ordinances, and purchase price and conditions.

- The EDA reviews environmental contamination of the property, possibly including the preparation of a Phase I assessment and Phase II investigation.
- The EDA obtains an estimate of the property's fair market value, typically through the preparation of an appraisal by a licensed independent real estate appraiser.
- The EDA obtains an estimate of possible relocation benefits, if any.
- The EDA makes a written offer to the owner for the acquisition of the property, based on the above analyses.
- The property owner is given a reasonable opportunity to consider the offer and to either accept the offer, make a counter offer with supporting evidence, such as appraisal performed for the property owner, or reject the offer.
- The EDA considers the owner's response and may conduct a review appraisal and modify its initial proposal.
- If agreement is reached between the property owner and the EDA, the EDA directs that a purchase agreement be prepared and sent to the property owner. The purchase agreement addresses the type of deed, warranties of title, hazardous waste issues, environmental investigations and remediation, boundary survey, responsibility for assessments, responsibility for taxes, evidence of title, zoning, earnest money, contingencies, payment of title commitment, title insurance, recording fees and closing costs, and closing date.
- The Planning Commission considers whether the acquisition is consistent with the Comprehensive Plan.
- If the purchase agreement is executed by the property owner, the EDA considers approving the purchase agreement and authorizing EDA staff to close on the acquisition of the property.

All EDA considerations of the market value and negotiations shall be conducted in executive, closed door meetings of the EDA, consistent with Minnesota Statutes.

Procedure for Disposing of Property

The EDA will use the procedure, as generally outlined below, for the disposal of real estate:

- The EDA determines the public purpose of the property and analyzes and determines the overall feasibility and appropriateness of the proposed disposal. Factors to consider

should include, but are not limited to, the public need for the property, developability of the property, uses and development design, infrastructure, economic development benefits, consistency with the comprehensive plan's land use designation, goals, objectives, and policies, consistency with city ordinances, and sale price and conditions.

- The EDA obtains an estimate of the property's fair market value, typically through the preparation of an appraisal by a licensed independent real estate appraiser.
- The EDA determines the method of disposing of the property, including, but not limited to, negotiation with a select buyer, request for proposals, and closed bids
- The EDA considers the selection of the buyer. Factors to consider include, but are not limited to, fair market value, proposed use and development design, consistency with the Comprehensive Plan's land use designation, goals, policies, and objectives, consistency with City ordinances, timing of development, projected tax base, projected employment, other economic development benefits, ability and experience of the buyer, ability to impact development in the surrounding area, manner and type of payment, and sale price and conditions.
- The EDA negotiates the sale of the property with the selected buyer.
- If agreement is reached between the selected buyer and the EDA, the EDA shall have the purchase agreement prepared and sent to the selected buyer. The purchase agreement addresses the type of deed, warranties of title, hazardous waste issues, environmental investigations and remediation, boundary survey, responsibility for assessments, responsibility for taxes, evidence of title, zoning, earnest money, contingencies, and closing date. The agreement will also specify the land use, development plans, and construction, consistent with negotiations.
- The Planning Commission considers whether the disposal is consistent with the Comprehensive Plan.
- If the purchase agreement is executed by the selected buyer, the EDA considers approving the purchase agreement and authorizing EDA staff to close on the sale of the property.

All EDA considerations of the market value and negotiations shall be conducted in executive, closed door meetings of the EDA, consistent with Minnesota Statutes.

11/7/11

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING
MONDAY, NOVEMBER 7, 2011 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, November 7, 2011, in the City Council Chambers. President Tourville called the meeting to order at 6:00 p.m. Present were Economic Development Authority members Grannis, Madden, and Klein; Executive Director Link, City Attorney Kuntz, and Park and Recreation Director Carlson.

3A. MINUTES

Motion by Klein, second by Grannis, to approve the Minutes of the August 1, 2011 Regular Economic Development Authority meeting.

President Tourville asked if the EDA was agreeable with signifying they were in favor by saying aye as opposed to calling the roll.

The EDA unanimously agreed to the recommendation.

Ayes: 4

Nays: 0

3B. CLAIMS:

Treasurer Klein summarized the claims for the last quarter and requested approval of disbursements totaling \$510.25.

Mr. Link advised that he received an additional invoice from Kennedy Graven for \$262.50, for a grand total of \$772.75.

Motion by Klein, second by Grannis, to approve disbursements from August 1, 2011 to November 7, 2011.

Ayes: 4

Nays: 0

4A. SMALL BUSINESS LOAN PROGRAM

Mr. Link asked for further discussion and direction to staff regarding revised program guidelines, administration of the program, and levels and sources of funding. Based on the last EDA discussion the guidelines have been revised to 1) focus primarily on existing Inver Grove Heights businesses, and only secondarily on new businesses, 2) allow for retail businesses, including restaurants, and 3) provide flexibility for the EDA to consider loan applications on a case-by-case basis. Mr. Link asked for further direction regarding loan forgiveness.

Boardmember Klein stated he did not support loan forgiveness.

Boardmember Grannis stated he was not inclined to offer loan forgiveness either.

President Tourville suggested implementing the program before discussing possible loan forgiveness.

Mr. Link stated staff would not include loan forgiveness in the guidelines at this time. He identified three options for administering a loan program, with the first being City staff could provide administration with assistance from the City's financial consultant and the City Attorney. A second option would be for City staff to provide administration with assistance from a loan review committee. A group of volunteer

bankers would serve as a loan review committee which would review and analyze loan applications and make a recommendation to the EDA. The third option would be contracting with another organization to administer the loans, such as the Metropolitan Consortium of Community Developers (MCCD). The MCCD is a non-profit association of community development organizations which contracts with cities to provide loan administration services and financial and technical assistance. The contract fee would be \$10,000 per year.

Boardmember Madden suggested being further into the program before retaining an organization such as the MCCD.

Mr. Link stated it would be beneficial to have such an organization involved early in the process so they could provide advice on the application process, forms, guidelines, etc. He stated that MCCD would be willing to make a presentation at an EDA meeting.

President Tourville stated it was advantageous that MCCD had templates and forms already in place.

Mr. Link stated that, while the City's loan program was set up for existing businesses, MCCD could offer an additional service by providing technical assistance for startup businesses as well.

Boardmember Klein asked if Inver Hills Community College had any programs involving startup companies.

Jennifer Gale, Progress Plus, stated that Dakota County Technical College (DCTC) in Rosemount offered an entrepreneur program.

Ellen Watters, Progress Plus, advised that a person would have to be enrolled in the program in order to take advantage of it. Progress Plus receives many calls from people wanting to start a business. These people are unlikely to enroll in the DCTC program. MCCD, however, could provide guidance to these interested parties at no charge, as well as possibly provide financing through their sources, in addition to what the City might offer.

Boardmember Klein stated the EDA would be paying MCCD \$10,000 for that service.

Boardmember Madden stated that in light of the present economy he was concerned about spending \$10,000 without specific development plans in place.

President Tourville stated on the other hand the program could be the motivation needed for people to come to the City with projects.

Dian Piekarski, 7609 Babcock Trail, asked if the \$10,000 fee was for unlimited hours, and questioned why some of this cost was not passed on to the customer.

President Tourville recommended that MCCD give a presentation so such questions could be answered.

Ms. Watters stated that most communities do not use City staff exclusively because everything must then be made public and most companies are hesitant to agree to that. She recommended using either a volunteer advisory committee or an outside agency such as the MCCD. She advised that Brooklyn Park has been using MCCD for the last year and is very pleased with their work.

Boardmember Klein asked where MCCD got their money.

Ms. Watters replied it was from non-profit grants, interest earned on previous loans, etc.

Boardmember Klein stated he would like to hear a presentation from MCCD, but felt that using a group of volunteer bankers was an attractive option as well.

Ms. Gale advised that using a loan review committee of volunteer bankers would still incur administration costs either by using City staff time or Progress Plus.

Boardmember Klein asked if any of the costs would be duplicated.

Ms. Gale replied they would not, stating that loan administration costs were a separate expenditure from the marketing fee currently being paid to Progress Plus.

Boardmember Klein asked if any costs would be duplicated if the City were to contract with MCCD.

Ms. Gale replied they would not.

Mr. Link stated he would ask MCCD to make a presentation at the next EDA meeting.

President Tourville stated many cities avoid using staff because they like to separate who is taking in the applications versus who is making decisions on the loans.

Boardmember Piekarski Krech arrived at the meeting.

Boardmember Klein asked if a representative from the South St. Paul Futures group of volunteer bankers could make a presentation as well.

Ms. Gale stated they would likely be pleased to make a presentation.

Boardmember Klein asked Mr. Kuntz if he was involved with South St. Paul Futures as well.

Mr. Kuntz replied that he served as their legal counsel and was also on their Board.

Boardmember Klein suggested they receive a presentation from Mr. Kuntz as well.

In regards to funding, Mr. Link stated that other cities typically made 1-4 loans per year for a maximum of \$15,000 - \$20,000 each. Therefore, staff is suggesting allocating \$100,000, which would be part of the \$500,000 transferred from the Host Community Fund. He advised that at one of the next meetings staff will likely be asking for a vote of the EDA on whether they want to establish the program and determining guidelines, how it is administered, the funding level, and the source of funding.

4B. ACQUISITION PROGRAM

Mr. Link asked the EDA to discuss the draft acquisition policy and provide direction to staff. The draft policy is based in part on policies from the Dakota County CDA and the City of Northfield, as well as the City's Doffing Avenue Voluntary Acquisition Program and Policy for Disposal of City-Owned Real Property. The draft policy provides a uniform process for acquisition and disposal of real estate while recognizing that each property is unique and will be handled on a case-by-case basis.

President Tourville asked if there were major differences between the proposed draft policy and the City's existing policy for acquisition and disposition of real estate.

Mr. Link replied there were minor differences, including that the draft policy is tailored specifically to EDA acquisitions versus purchasing property for a road, sewer, city facility, etc. The draft policy also looks at the different aspects involved in selecting a buyer for a development or redevelopment project.

President Tourville stated one of the advantages of an EDA is that they can acquire property without stating public purpose.

Mr. Kuntz stated that generally speaking a city buying property must identify a public purpose that is somewhat reasonable or proximate in time to the acquisition.

Boardmember Klein asked for clarification of a section of the acquisition policy stating that the Planning Commission would determine whether the acquisition was consistent with the Comprehensive Plan.

Mr. Kuntz replied it is a required statutory step that presumably would catch any inconsistencies in use. The Planning Commission would not veto the acquisition; just apprise the EDA of consistency.

Ms. Piekarski questioned whether there should be a definition of what is considered a 'reasonable opportunity to consider the offer' and if employment was a consideration.

President Tourville asked Mr. Kuntz if he had any issues with the draft acquisition policy.

Mr. Kuntz advised there were no legal questions raised by it.

Motion by Klein, second by Grannis, to approve the City of Inver Grove Heights' Economic Development Authority Policy for the Acquisition and Disposal of Real Estate.

Ms. Piekarski asked if MCCD was contracted, would they be responsible for obtaining an estimate of possible relocation benefits, review of environmental contamination of the property, making a written offer to the property owner, etc., and who would do those things if an outside agency such as MCCD was not contracted.

President Tourville stated the EDA would employ the appropriate people just as they currently do for City Council.

Ayes: 5

Nays: 0

Motion carried.

4C. PROGRESS PLUS UPDATE

Ms. Gale stated they had a unique group of individuals attend the Broker Tour versus those they have had in the past, including many looking at housing opportunities as well. She stated the round of golf at Inver Wood was a great incentive to those who attended and the event was a huge success.

Ms. Watters gave an update on recent Progress Plus activities, including the relocation of Cunningham Sports from South St. Paul to Inver Grove Heights. She advised that many cities are in the process of changing their ordinances to allow microbreweries to sell and serve beer on site, which is commonly referred to as the 'Surly legislation'. This was precipitated by Surly announcing they were going to build a \$20 million dollar destination brewery/event center. While Inver Grove Heights may not be the best location for Surly, she stated there would likely be other breweries looking for similar operations and therefore it might be something the City would want to start considering. She stated that because the

brewery emits odor and is a manufacturing facility, they generally need industrial-type zoning, however, they also hold tastings and events. She stated the market in general is starting to pick up, including inquiries from Appliance Smart and Dollar General. She has also had discussions regarding space at Inver Point.

Boardmember Klein asked if Progress Plus had been working with Pawn America.

Ms. Gale replied in the affirmative.

Boardmember Klein asked if Pawn America was aware that Inver Grove Heights had an ordinance prohibiting pawn shops in most zoning districts.

Ms. Gale replied in the affirmative.

Mr. Link advised the property owner would soon be bringing forward an application for a rezoning.

In regard to breweries, President Tourville stated the City may want to look into whether they would be interested in modifying the zoning to allow for such an operation and perhaps contacting the League of Minnesota Cities for the appropriate language.

Boardmember Piekarski Krech questioned how much odor would be emitted, stating she noticed no odor from the brewery on West Seventh Street.

Mr. Link stated staff would be willing to do research on this topic.

Boardmember Klein questioned whether the City of St. Paul allowed for this type of operation.

Ms. Watters replied in the affirmative, stating the City of St. Paul recently changed their ordinance to allow for an operation such as Surly.

4D. EXCESS GOLF COURSE PROPERTY

Mr. Link advised that, in response to the EDA's request, staff has provided the EDA with additional information on the two parcels in question, including topography, the cost of utility extension, and an updated appraisal. He stated that while the eastern site has little terrain differential, the western site has a stormwater retention pond and steep slopes. The Northwest Area Zoning Ordinance, however, allows a property owner to transfer density from less developable parts of the property to the more buildable parts of the site. Engineering has estimated the cost of extending sewer and water to the two parcels to be approximately \$500,000-\$700,000; however, this would be offset by the Northwest Area connection fees of approximately \$1,000,000, assuming the appraiser's densities.

The updated appraisal has determined that the value of the two properties exceeds the debt of the golf course. It would not be possible to complete the acquisition in time for the next debt payment in December; however, the EDA would be able to acquire the property prior to the following debt payment in February 2012. At that time the outstanding debt would be about \$1.2 million dollars. Mr. Link advised that if the EDA would like to pursue this there are a number of details that have to be worked out, including meeting with the City's bond counsel and holding a public hearing to establish a development district. He advised that the EDA's acquisition of the excess golf course property would improve the golf course's financial position, provide the EDA with an asset that it could use to foster development, and eventually generate increased property taxes. In determining value, the appraiser assumed about six units per acre

on the eastern parcel which would be a low density townhouse development. On the western parcel they assumed about nine units per acre.

Boardmember Klein stated before moving forward he would like to know the current vacancy rate for this type of house unit in Inver Grove Heights.

Mr. Link stated the appraisal report included an analysis of the market and vacancy rates for different types of land uses. Staff's recommendation is to proceed with the EDA's acquisition of the excess golf course properties because of the benefits that it would bring forth, recognizing that a number of details would have to be attended to prior to the EDA considering acquisition.

Boardmember Grannis stated he was in favor of acquiring the excess properties.

President Tourville stated he was in favor as well, but questioned whether commercial use of the property was a consideration.

Mr. Link stated the appraisers did not feel commercial was a good use for these sites, mainly due to the lack of highway visibility and transportation network, and its lack of proximity to an amenity.

Boardmember Piekarski Krech questioned whether it was appropriate to build a multi-family development on the western parcel as it was directly across from large lot single-family residential.

Boardmember Klein stated in his opinion it was a good location for multi-family housing.

President Tourville asked if the western parcel was in the MUSA.

Mr. Link replied in the affirmative. He advised that the appraiser is recommending that the highest density be on the southeast corner of the property in order to maximize the view of the golf course, and a lower density on the west side of the pond. Because it is a County road with limited access, the eastern portion of the property would likely have a shared access with the golf course. The western side of the property would likely have to wait until the adjacent properties developed in order to get a shared access from the west.

Boardmember Piekarski Krech questioned the wisdom of purchasing property in which the EDA could potentially spend more for it than what they would get in return. She stated she would prefer to see something on the eastern property that augmented the golf course, such as a restaurant.

Boardmember Grannis questioned how a restaurant could survive with the golf course being seasonal.

Boardmember Piekarski Krech replied that other restaurants stay open year round. She suggested perhaps getting a facility that rents out for events as well.

President Tourville stated he does not foresee anything but residential on the corner property as the neighbors would likely fight any commercial development. He stated they should discuss the possibility of building a new clubhouse that could be rented out for various events.

Mr. Kuntz stated the City should discuss with bond counsel how the money would be transferred from the City to the EDA and the expectation of the EDA with respect to that money.

Ms. Piekarski stated the City has an opportunity to add something on these parcels other than more housing, and perhaps bring an amenity to the City.

Mr. Link stated one of the advantages of EDA ownership is that the EDA has control over the type of use. The City does not have to determine the land use at this point except to make some assumptions to determine its value. The appraiser has done that and concluded that given the parameters and assumptions, the value of the two properties exceeds the debt payment. The EDA, however, has the flexibility to change the land use to something other than what was assumed by the appraiser.

President Tourville stated that the EDA should consider whether there is a savings to purchasing the parcels now from the golf course versus just paying off the debt, for example, whether the City save money in interest payments.

Boardmember Klein stated the corner parcel should be valuable as it is bordered by a church, a golf course, and residential.

Boardmember Madden stated he was surprised that the land had not lost value since the last appraisal.

Mr. Link stated he was surprised as well but felt comfortable with the analysis done by the appraiser.

President Tourville stated the parcel on 70th and Robert had been reacquired.

Mr. Link asked if the EDA's direction was to proceed forward while recognizing there may be a need for a special meeting in a month or two.

Boardmember Piekarski Krech stated they need to meet with bond counsel to ask the questions that were raised by President Tourville and Mr. Kuntz.

Mr. Link advised they would do that.

4E. GUN CLUB SITE:

Mr. Link stated MNDOT recently met with MPCA and the MPCA did not believe the site needs to be cleaned up at this time but rather that remediation could be done at the time of development. They strongly urged MNDOT to do additional environmental analysis. MNDOT subsequently asked if the City would be interested in doing additional investigation to assist in the site's development. Subsequently City staff had a discussion with the County, who stated they have funds available and could likely do the work for the City. MNDOT, however, is not keen on working with Dakota County because their cleanup standards are higher than both the MPCA's and MNDOT's.

President Tourville stated Dakota County is the only county in the state that requires that all contaminated soils be disposed at a landfill whereas other counties allow some soils to be reused in certain types of projects.

Mr. Link stated that MNDOT is having a discussion with the County later this week. He will contact the City's consultant, Ken Haberman, to get his thoughts on this issue.

Boardmember Grannis stated there have already been many studies done on this property.

Mr. Link stated there were three different studies done on the property. The first was a paper exercise called a Phase I. The other two were field exercises; one done by the City and one by the EPA.

Boardmember Grannis asked who would pay for additional testing.

Mr. Link replied that MNDOT would pay for their analysis. If the City wanted to do anything more, the City would pay for its own, however, the County has stated they could do it for the City.

4F. EDA WEBSITE:

President Tourville asked for a discussion regarding the possibility of the EDA establishing its own website. The site would have links to Progress Plus, Chamber of Commerce, etc. He stated most EDA's have their own website.

Boardmember Piekarski Krech stated she did not think the EDA was doing enough at this point to justify the cost of a separate website, and questioned who would be responsible for keeping the site up-to-date.

President Tourville suggested they get information on what it would cost to construct a page on the existing website but consider a separate EDA website at a later date.

Mr. Link stated he would look into the cost of creating a separate page on the City website.

President Tourville stated many EDA's have fundraising events to help pay for incidentals such as a website (i.e. annual meetings, golf tournaments, etc.).

5. NEXT MEETING:

Mr. Link advised that the next meeting is scheduled for February 6, 2012. The meeting will include an update on the Gun Club site and a presentation from MCCD regarding the Small Business Loan Program.

6. ADJOURNMENT: Motion by Grannis, second by Madden, to adjourn. The meeting was adjourned by a unanimous vote at 7:37 p.m.

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development *TL*

DATE: January 19, 2012 for EDA Meeting of February 6, 2012

SUBJECT: Claims

The following are claims have been received since the last Economic Development Authority meeting of November 7, 2011:

- BRKW Appraisals Inc. – Appraisal of excess golf course property, Parcel No. 1 \$2,400.00
- BRKW Appraisals Inc. – Appraisal for excess golf course property, Parcel No. 2 \$2,600.00

TOTAL **\$5,000.00**

MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: January 20, 2012 for EDA Meeting of February 6, 2012

SUBJECT: Economic Authority's Acquisition of Excess Golf Course Properties

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to 1) hold a public hearing on the creation of two development districts, 2) consider a resolution creating the two development districts, 3) consider a resolution regarding transfer of funds, and 4) consider a resolution approving a purchase agreement.

2. **BACKGROUND:** At its last few meetings, the EDA has discussed the possible acquisition of two excess golf course properties. The first property, of about four acres, is located at the northwest corner of Babcock Trail and 70th Street. The second property is about 11 acres and is on the south side of 70th Street, west of the golf course parking lot. At its last meeting in November, 2011, the EDA directed staff to proceed with the possible acquisition of excess golf course properties from the City. Background information regarding these previous discussions is enclosed.

Subsequent to the EDA meeting, the following activities occurred:

- City staff conducted a meeting with the city attorney, bond counsel, and financial consultant
- Gorman Surveying prepared a survey and legal descriptions of the two excess golf course properties.
- The City Attorney updated the properties' title
- The bond counsel prepared and published the public hearing notice
- The bond counsel prepared resolutions regarding the development districts and transfer of funds
- The City Attorney prepared a draft purchase agreement
- City staff, bond counsel, and financial consultant researched the existing golf course debt and funding sources for the acquisition
- The Planning Commission found the sale of the excess properties consistent with the Inver Grove Heights Comprehensive Plan
- The Park Commission reviewed the sale

3. ANALYSIS: Minnesota Statutes requires that development districts be created in order for an EDA to acquire property. In this case, two development districts would be created, each with boundaries that are identical to the two excess golf course properties. The resolution regarding the development districts will be distributed later in a supplemental packet.

The purchase agreement provides for the EDA acquiring the two properties from the City. The purchase agreement provides that:

- The purchase price would be \$1,352,000. This is the remaining balance of the golf course debt
- The closing would occur on March 30, 2012

The acquisition would be funded by \$1,000,000 from the Host Community Fund and \$352,000 from the Economic Development Fund. At such time that the EDA subsequently sells the property for development, the proceeds of the sale would pay back the Host Community Fund first and the EDA account second. If the sale proceeds exceed the \$1,352,000, the excess proceeds would go to the Economic Development Fund. Additional information regarding the financing will be distributed later in a supplemental packet.

The EDA's acquisition of the excess golf course properties offers the following benefits:

- Improves the golf course's financial position by eliminating its debt and making the golf course more cost competitive
- Provides the EDA, the most appropriate entity for fostering development of the property, with an asset
- Promotes the City's economic development by eventually converting unused property to a use that will take full advantage of the golf course amenity and increase the City's tax base.

If the EDA creates the development districts and authorizes the purchase agreement, the matter will be placed on the following City Council agenda. The City Council will then consider approving the purchase agreement and approving resolutions that defease the golf course bonds.

4. CONCLUSION: Staff recommends approval of the resolution creating the two development districts, resolution regarding the transfer of funds, and resolution approving the purchase agreement.

Enc: Resolution Authorizing Purchase Agreement
Purchase Agreement
Planning Commission Report
Memo to the EDA, dated November 2, 2011 (background information)

cc: Tim Kuntz, City Attorney
Steve Bubul, Kennedy Graven
Steve Apfelbacher, Ehlers
Eric Carlson, Park and Recreation Director
Al McMurchie, Golf Course Manager

**CITY OF INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION APPROVING A PURCHASE AGREEMENT BETWEEN THE CITY OF
INVER GROVE HEIGHTS AND THE CITY OF INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY RELATING TO THE SALE OF EXCESS
PROPERTY OWNED BY THE CITY OF INVER GROVE HEIGHTS LOCATED ON A
PORTION OF THE INVERWOOD GOLF COURSE PROPERTY**

WHEREAS, the City of Inver Grove Heights (City) owns the real property described on the attached Exhibit A (Real Property).

WHEREAS, the City of Inver Grove Heights Economic Development Authority (EDA) desires to purchase the Real Property in order to promote economic development.

WHEREAS, pursuant to Minnesota Statutes § 469.101, the EDA has created Economic Development Districts with respect to the Real Property to allow the EDA to purchase the Real Property.

WHEREAS, pursuant to Minnesota Statutes § 469.101, the EDA has the power and authority to purchase the Real Property for economic development.

WHEREAS, sale by the City of the Real Property to the EDA is authorized by Minnesota Statutes § 465.035.

WHEREAS, the City of Inver Grove Heights Planning Commission, pursuant to Minnesota Statutes § 462.356, Subd. 2 has found that sale by the City of the Real Property to the EDA is consistent with the City's Comprehensive Municipal Plan.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Inver Grove Heights Economic Development Authority (EDA):

1. The Board of Commissioners of the EDA hereby approves the attached Purchase Agreement with the City of Inver Grove Heights for the Real Property at a purchase price of \$1,352,000.00.
2. The President and Executive Director of the EDA are authorized to sign the attached Purchase Agreement between the City of Inver Grove Heights and the EDA.
3. The Board of Commissioners of the EDA hereby determines that purchase of the Real Property by the EDA will promote economic development.

Adopted by the Board of Commissioners of the City of Inver Grove Heights Economic Development Authority this 6th day of February, 2012.

George Tourville, President

ATTEST:

Kim Fox, Secretary

EXHIBIT A
LEGAL DESCRIPTION OF REAL PROPERTY

PARCEL 1:

All that part of the North Half of the Northeast Quarter of Section 8, Township 27, Range 22, Dakota County, Minnesota, lying Westerly of Babcock Trail (aka German Road) and lying Northeasterly of the centerline of 70th Street East as depicted on Dakota County Right of Way Map No. 124 recorded as Document No. 1029051.

Abstract Property.

Subject to roadway easement and other easements of record.

PARCEL 2:

That part of the South Half of the Southeast Quarter of Section 5 and that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet to the point of beginning of the parcel to be described; thence continuing South 89 degrees 46 minutes 10 seconds East 834.38 feet; thence North 00 degrees 13 minutes 50 seconds East 41.25 feet; thence South 89 degrees 46 minutes 10 seconds East 97.92 feet; thence South 03 degrees 48 minutes 38 seconds East 594.27 feet; thence South 83 degrees 15 minutes 06 seconds West 358.76 feet; thence North 00 degrees 28 minutes 53 seconds West 155.00 feet; thence North 89 degrees 46 minutes 10 seconds West 320.00 feet; thence North 15 degrees 59 minutes 15 seconds West 59.39 feet; thence North 89 degrees 46 minutes 10 seconds West 280.00 feet; thence North 00 degrees 13 minutes 50 seconds East 383.12 feet to the point of beginning.

Subject to an easement for sewer drainfield purposes over, under and across, that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, bounded by a line described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet; thence continuing South 89 degrees 46 minutes 10 seconds East 610.68 feet; thence South 00 degrees 28 minutes 53 seconds East 440.18 feet; thence North 89 degrees 46 minutes 10 seconds West 11.86 feet to the point of beginning of the line to be described; thence continuing North 89 degrees 46 minutes 10 seconds West 124.83 feet; thence North 26 degrees 48 minutes 44 seconds West 38.82 feet; thence North 10 degrees 42 minutes 37 seconds East 187.23 feet; thence South 85 degrees 23 minutes 36 seconds East 63.95 feet; thence South 13 degrees 56 minutes 21 seconds East 60.86 feet; thence South 25 degrees 59 minutes 57 seconds East 64.60 feet; thence South 00 degrees 28 minutes 53 seconds East 96.85 feet to the point of beginning.

Subject to roadway and other easements of record.

**PURCHASE AGREEMENT
FOR
INVERWOOD GOLF COURSE EXCESS PROPERTY**

SELLER:

City of Inver Grove Heights
8150 Barbara Avenue
Inver Grove Heights, MN 55077

BUYER:

City of Inver Grove Heights
Economic Development Authority
8150 Barbara Avenue
Inver Grove Heights, MN 55077

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made this 13th day of February, 2012, by and between Seller and Buyer as hereafter defined. Subject to the performance by the Buyer of the provisions and conditions hereinafter set forth, Seller in consideration of the Purchase Price to be paid as hereinafter provided agrees to sell and convey to Buyer and Buyer agrees to purchase the Real Property. Subject to the covenants, warranties, representations and mutual consideration herein contained, the parties hereby agree as follows:

Section 1. DEFINITIONS.

1.1 TERMS. The following terms, unless elsewhere defined specifically in this Agreement, shall have the following meanings as set forth below.

1.2 BUYER. Buyer shall mean the City of Inver Grove Heights Economic Development Authority, an economic development authority established under Minnesota Statutes, § 469.090 to 469.1081.

1.3 SELLER. Seller shall mean the City of Inver Grove Heights, a Minnesota municipal corporation.

1.4 CLOSING DATE. Closing Date shall mean March 30, 2012, at 10:00 a.m.

1.5 CLOSING DOCUMENTS. Closing Documents shall mean and comprise the following to be provided by Seller:

- a.) A Warranty Deed for the Real Property to be signed by Seller.
- b.) An affidavit by Seller of no judgments, no tax liens and no unrecorded interests, which shall include a statement that there has been no labor or materials furnished for which mechanic's liens can be filed.
- c.) Satisfaction of any liens and mortgages on the Real Property.
- d.) All other documents affecting title to and possession of the Real Property and necessary to transfer or assign the same to Buyer.

1.6 CLOSING LOCATION. Closing Location shall mean the offices of the City of Inver Grove Heights at 8150 Barbara Avenue, Inver Grove Heights, Minnesota 55077, or at such other location as the parties may agree in writing.

1.7 CONDITIONS PRECEDENT TO CLOSING BY Seller. Conditions Precedent To Closing by Seller shall mean the following:

- a.) **ACCURACY OF REPRESENTATIONS.** The representations, warranties, covenants and agreements of Buyer contained in this Agreement or in any written statement memorandum or exhibit that shall be delivered pursuant to this Agreement shall be true in all respects at and as of the Closing Date as though such representations, warranties, covenants and agreements were made at and of the Closing Date.
- b.) **PERFORMANCE.** The Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing Date.
- c.) **ABSENCE OF LITIGATION.** No action or proceeding by or before any court or other governmental body shall have been instituted or threatened pertaining to any transaction contemplated by this Agreement or its consummation or the transfer or sale of the Real Property.
- d.) **APPROVAL OF DOCUMENTS.** Other than documents the form of which are specified in exhibits hereto, the form and substance of all certificates, instruments, opinions and other documents delivered by one party to another under this Agreement shall be satisfactory in all reasonable respect to the party to receive the document and its counsel.

1.8 CONDITIONS PRECEDENT TO CLOSING BY BUYER. Conditions Precedent To Closing by Buyer shall mean the following:

- a.) **ACCURACY OF REPRESENTATIONS.** The representations, warranties, covenants and agreements of Seller contained in this Agreement or in any written statement memorandum or exhibit that shall be delivered pursuant to this Agreement shall be true in all respects at and as of the Closing Date as though such representations, warranties, covenants and agreements were made at and of the Closing Date.
- b.) **PERFORMANCE.** Seller hereto shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing Date.
- c.) **ABSENCE OF LITIGATION.** No action or proceeding by or before any court or other governmental body shall have been instituted or threatened pertaining to any transaction contemplated by this Agreement or its consummation or the transfer or sale of the Real Property.

- d.) **APPROVAL DOCUMENTS.** Other than documents the form of which is specified in exhibits hereto, the form and substance of all certificates, instruments, opinions and other documents delivered by one party to another under this Agreement shall be satisfactory in all reasonable respect to the party to receive the document and its counsel.
- e.) **ACCEPTANCE BY BUYER.** An express condition precedent is that in Buyer's sole opinion and judgment, the following are found by Buyer to be satisfactory and acceptable to Buyer:
- 1) the recorded easements to which the Real Property is subject.
 - 2) the status of the encumbrances and the marketability of title with respect to the Real Property.
 - 3) an ALTA boundary survey for the Real Property.
 - 4) the status of any boundary line issues and any encroachments on the Real Property.

1.9 PERMITTED ENCUMBRANCES. Permitted Encumbrances shall mean and comprise the following:

- a.) building and zoning laws, ordinances, state and federal regulations;
- b.) utility, road and drainage easements which do not interfere with improvements to the premises; all such easements must be confined by a specific legal description for a specific width of the easement and such easements must not be "blanket" easements that encumber more area than needed for the specific easement purpose;
- c.) easements, restrictions and reservations of record, if any, that are satisfactory and acceptable to Buyer, in Buyer's sole judgment.

1.10 POSSESSION DATE. Possession Date shall mean Closing Date.

1.11 PURCHASE PRICE. Purchase Price shall mean the total sum of One Million, Three Hundred and Fifty Two Thousand Dollars (\$1,352,000.00).

1.12 REAL PROPERTY. Real Property shall mean that certain real property located in the City of Inver Grove Heights, Dakota County, State of Minnesota, legally described on the attached Exhibit A.

The Real Property shall also include all of the right, title and interest of the owner of the property in and to any easements, rights of way, privileges, appurtenances, and right to the same belonging to or inuring to the benefit of the Real Property.

1.13 HAZARDOUS SUBSTANCE. Hazardous Substance means any of the following:

- a.) Any commercial chemical designated pursuant to the Federal Water Pollution Control Act, under United States Code, title 33, Section 1321(b)(2)(A);
- b.) Any hazardous air pollutant listed pursuant to the Clean Air Act, under United States Code, title 42, section 7412;
- c.) Any hazardous substance, pollutant or contaminant regulated under the Comprehensive Environmental Response Compensation and Liability Act as amended, 42 U.S.C. 9601 et. seq. (CERCLA); and hazardous substance, pollutant or contaminant regulated under similar Minnesota environmental laws;
- d.) Any hazardous waste under Minnesota laws;
- e.) Pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. Section 136 et. seq. (FIFRA);
- f.) Asbestos, polychlorinated biphenyls (PCBs), toxic substances, and other substances regulated under the Toxic Substances Control Act, as amended, 15 U.S.C. section 2601 et. seq. (TSCA);
- g.) Source material, special nuclear material, by product materials, any other radioactive materials or radioactive wastes however produced, regulated under the Atomic Energy Act, as amended, 42 U.S.C. section 2011 et. seq. or the Nuclear Waste Policy Act of 1982, as amended, 42 U.S.C. section 10101 et. seq.;
- h.) Industrial process and pollution control wastes, which are hazardous within the meaning of the Resource Conservation and Recovery Act, as amended 42 U.S.C. Section 6901 et. seq. (RCRA);
- i.) Any hazardous material under the Hazardous Materials Transportation Act, 49 USCS Appx. Section 1801 et. seq.;

- j.) Any hazardous material listed in Code of Federal Regulation Title 49, Section 172.101;
- k.) Any pollutant or contaminant as defined by 42 U.S.C. Section 9601.

1.14 RELEASE. Release means any spilling, leakage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment of any Waste, Hazardous Substance, Petroleum or pollutant or contaminant as defined by 42 U.S.C. Section 9601.

1.15 PETROLEUM. Petroleum means any of the following:

- a.) gasoline
- b.) fuel oil
- c.) kerosene
- d.) any petroleum distillate
- e.) any petroleum residual
- f.) diesel fuel
- g.) oil
- h.) ethanol.

1.16 CONSTRUCTION DEBRIS. Construction Debris means waste building materials, packaging, and rubble resulting from construction, remodeling, repair, and demolition of buildings and roads.

1.17 DEMOLITION DEBRIS. Demolition Debris means solid waste resulting from the demolition of buildings, roads, and other man-made structures including concrete, brick, bituminous concrete, untreated wood, masonry, glass, trees, rock, and plastic building parts.

1.18 INDUSTRIAL SOLID WASTE. Industrial Solid Waste means all solid waste generated from an industrial or manufacturing process and solid waste generated from nonmanufacturing activities such as service and commercial establishments.

1.19 MIXED MUNICIPAL SOLID WASTE. Mixed Municipal Solid Waste means garbage, refuse, and other solid waste from residential, commercial, industrial, and community activities that the generator of the waste aggregates for collection.

1.20 SOLID WASTE. Solid Waste means garbage, refuse, sludge from a water supply treatment plant or air contaminant treatment facility, and other discarded waste materials and sludges, in solid, semi-solid, liquid, or contained gaseous form, resulting from industrial, commercial, mining, and agricultural, operations, and from community activities, but does not include animal waste used as fertilizer.

1.21 **WASTE.** Waste means, jointly and severally, the following:

- a.) Hazardous Substances
- b.) Construction Debris
- c.) Demolition Debris
- d.) Industrial Solid Waste
- e.) Mixed Municipal Solid Waste
- f.) Solid Waste.

1.22 **SELLER'S WARRANTIES.** Seller's Warranties shall mean and comprise the following:

Seller represents and warrants to Buyer that:

- a.) **TITLE.** At Closing Date, Seller will have good and marketable title pursuant to the laws of the State of Minnesota to the Real Property to be conveyed hereunder. At Closing Date, the Real Property will not be subject to a contract or other agreement of sale and the Real Property will not be subject to security interests, judgments, pledges, mortgages, encumbrances, liens (including income, personal property and other tax liens) or off-sets, claims, reductions or charges of any kind or character.
- b.) **LITIGATION.** There is no suit, action, arbitration or legal, administrative or other proceeding or governmental investigation pending or, to the best knowledge of Seller, threatened, against or affecting Seller with respect to the Real Property.
- c.) **NO WASTE.** To Seller's best knowledge, the Real Property is free of Waste and Hazardous Substances. The Real Property is not subject to any "Super Fund" type liens or claims by governmental regulatory agencies or other third parties arising from the Release or threatened Release of Waste or Hazardous Substances in, on or about the subject Real Property. To Seller's best knowledge, the Real Property has not been used for the disposal of Waste or Hazardous Substances. To Seller's best knowledge, the Real Property has not been used in connection with the generation, storage, treatment or transportation of Waste or Hazardous Substances. To Seller's best knowledge, the soil and ground of the Real Property are free from any spills, deposits, contaminations or seepage of Waste and Hazardous Substances and free from any Release of any Waste and Hazardous Substances.
- d.) **NO PETROLEUM LEAKAGE.** With respect to Petroleum, natural gas, natural gas liquids, liquified natural gas, and synthetic gas usable for fuel or

mixtures thereof to Seller's best knowledge, the Real Property is free of such liquids, gases and substances and has not been used for the generation, treatment or disposal thereof. To Seller's best knowledge, the soil and ground of the Real Property are free from any spills, deposits, contamination or seepage thereof and free from any "Release" of any Petroleum.

Section 2. PURCHASE PRICE AND MANNER AND TIME OF PAYMENT.

Buyer, in consideration of the mutual promises and covenants herein contained, agrees to pay to the Seller for the Real Property the Purchase Price in the following manner and at the following times:

The amount of \$1,352,000.00 shall be paid in cash or by certified check on the Closing Date.

Section 3. OBLIGATION TO PROVIDE A WARRANTY DEED. Subject to performance by the Buyer of the Agreement herein, the Seller agrees to execute and deliver a Warranty Deed to the Buyer agreeing conveying marketable title to the Real Property subject only to the Permitted Encumbrances. The Real Property shall be free of any lien, mortgage, charge or encumbrance or lease.

Section 4. REAL ESTATE TAXES. Seller shall pay all real estate taxes payable prior to the year of Closing, plus any penalty and interest. Seller does not make any representation concerning the amount of real estate taxes which will be assessed against the Real Property subsequent to the Closing Date.

With respect to real estate taxes payable in the year of Closing, the real estate taxes shall be pro-rated between Seller and Buyer with Seller's paying for the days before Closing and Buyer paying for the days after Closing. The Seller's share of taxes shall be an adjustment at Closing and credited to Buyer.

Section 5. SPECIAL ASSESSMENTS. Prior to or at closing, the Seller shall pay all special assessments against the Real Property, including those levied and pending as of the Closing Date and including the special assessment installment payable in the year of closing.

Section 6. PURCHASE OF PROPERTY "AS IS". It is agreed and understood that the Buyer will be inspecting the Real Property and that the Buyer will be purchasing the Real Property in its "AS IS" condition with no warranties or representations by the Seller as to the condition of the premises or any structures or improvements thereon, except as stated in the Seller's Warranties.

Section 7. CLOSING DATE AND POSSESSION DATE. Subject to performance by the Buyer of this Agreement, the closing shall occur on the Closing Date and the Seller agrees

to deliver possession not later than the Possession Date provided that all conditions of this Agreement have been met. The delivery of all papers, monies and matters relating to the closing shall take place at the Closing Location.

Section 8. DOCUMENTS TO BE FURNISHED BY SELLER. By February 17, 2012, the Seller shall furnish to the Buyer at the Seller's expense the following:

- a.) A title insurance commitment covering the Real Property and appurtenant easements, if any, in either case to include property searches covering bankruptcies, state and federal judgments and tax liens, evidencing the Seller's title to the property.
- b.) Within ten (10) days following the Buyer's receipt of the documents referred to above, the Buyer shall give the Seller written notice of any objections to the title of the Real Property.
- c.) If any objections are so made, the Seller shall be allowed ninety (90) days after receipt of such written objections to make such title marketable. The Seller further agrees to use all reasonable efforts and to expend such sums as may be reasonably necessary to make said title marketable in the event a defect is disclosed. Pending correction of title, the payments herein required shall be postponed but upon correction of title and within ten (10) days after written notice to the Buyer, the Buyer and the Seller shall perform this Agreement according to its terms.
- d.) If said title is not marketable and is not made so within ninety (90) days from the date of delivery of the written objections thereto as above provided, then Buyer shall have the right (a) to terminate this Agreement upon notice given to Seller or (b) to waive such objections and proceed with such purchase. If title to said property is marketable or is made marketable within said time, and Buyer shall default in any of the agreements herein contained, then and in such case, the Seller may terminate this Agreement, time being of the essence hereof or Seller may specifically enforce this Agreement.
- e.) This provision shall not deprive either party of the right of enforcing the specific performance of this Agreement, provided this Agreement is not terminated and provided that action to enforce specific performance is commenced within six (6) months after such right of action arises.

Section 9. WARRANTIES. Seller represents and warrants to Buyer all of the Seller's Warranties as defined in this Agreement. The Seller's Warranties shall survive the closing and shall not merge with the Closing Documents.

Section 10. CONDITIONS PRECEDENT. The obligations of Buyer to purchase the Real Property are subject to the satisfaction, at or before the Closing, of all the Conditions Precedent To Closing by Buyer. Buyer may waive any or all of the conditions which are included herein for its benefit in whole or in part without prior notice, provided, however, that no such waiver of a condition shall constitute a waiver by Buyer of any of its other rights or remedies, at law or in equity, if Seller shall be in default of any of his representations, covenants, indemnifications, warranties or agreements under this Agreement.

The obligations of Seller to sell Real Property are subject to the satisfaction, at or before the closing, of all the Conditions Precedent To Closing By Seller. Seller may waive any or all of the conditions which are included herein for his benefit in whole or in part without prior notice, provided, however, that no such waiver of a condition shall constitute a waiver by Seller of any of his other rights or remedies, at law or in equity, if Buyer shall be in default of any of its representations, warranties or agreements under this Agreement.

Section 11. CLOSING DOCUMENTS. Subject to performance by the Buyer, the Seller agrees to execute as necessary and deliver at the Closing Date the Closing Documents to be provided by Seller. Subject to performance by the Seller, the Buyer agrees to deliver at the Closing Date the Purchase Price recited in Section 2.

Section 12. SURVEY. Seller, at its own expense, has obtained an ALTA boundary survey of the Real Property. Seller shall deliver said survey to Buyer.

Section 13. ENVIRONMENTAL ASSESSMENT. Buyer, at its own expense, may obtain a Phase I environmental assessment of the Real Property. Seller agrees to cooperate in the preparation of the Phase I environmental assessment and to accurately respond to any questions and inquiries that are posed to Seller relating to preparation of Phase I environmental assessment. Seller agrees to make the Real Property available for on-site and field inspections.

Section 14. TITLE INSURANCE. Buyer intends to obtain a title insurance policy with respect to the Real Property. Buyer shall be obligated to pay for the title insurance policy up to a face value of the policy equal to the Purchase Price. Seller shall pay for the title insurance commitment.

Section 15. COSTS OF CLOSER. If at the Closing a closer is used by the title insurance company, then the costs for the closer shall be paid one-half (1/2) by Buyer and one-half (1/2) by Seller.

Section 16. STATE DEED TAX. At closing, Seller shall pay the state deed tax due on the Warranty Deed.

Section 17. MISCELLANEOUS.

- a.) The headings in this Agreement are for convenience only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof. It is understood and agreed that this Agreement has been made following negotiation by the parties and it is, therefore, not to be construed against any party because of draftsmanship.
- b.) All modifications to this Agreement must be in writing and signed by the parties hereto.
- c.) The parties hereto agree that all of their respective representations and warranties, wherever in this Agreement contained, shall survive the closing of this transaction and the delivery of consideration, and that all representations and warranties made herein and in any document delivered in connection herewith shall not merge with the warranty deed but shall survive said Closing Documents.
- d.) This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter of this Agreement and supersedes all prior arrangements and understandings between the parties hereto.
- e.) This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 18. NOTICES. Any notices hereunder shall be deemed sufficiently given by one party to the other if in writing and if and when delivered or tendered either in person or by depositing it in the United States mail in a sealed envelope, by certified mail, return receipt requested, with postage and postal charges prepaid, addressed as follows:

If to Buyer: City of Inver Grove Heights
 Economic Development Authority
 c/o George Tourville, President
 8150 Barbara Avenue
 Inver Grove Heights, Minnesota 55077

If to Seller: City of Inver Grove Heights
 c/o Joe Lynch, City Administrator
 8150 Barbara Avenue
 Inver Grove Heights, Minnesota 55077

or to such other address as the party addressed shall have previously designated by notice given in accordance with this Section. Notices shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed as provided above, provided, that a notice not given as above shall, if it is in writing, be deemed given if and when actually received by a party.

Section 19. AMENDMENT AND WAIVER. The parties hereto may by mutual written agreement amend this Agreement in any respect. Any party hereto may extend the time for the performance of any of the obligations of another, waive any inaccuracies in representations by another contained in this Agreement or in any document delivered pursuant hereto which inaccuracies would otherwise constitute a breach of this Agreement, waive compliance by another with any of the covenants contained in this Agreement and performance of any obligations by the other or waive the fulfillment of any condition that is precedent to the performance by the party so waiving of any of its obligations under this Agreement. Any agreement on the part of any party for any such amendment, extension or waiver must be in writing. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

IN WITNESS WHEREOF, the parties have hereto executed this Purchase Agreement the day and year first above written.

**BUYER:
CITY OF INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY**

By: _____
George Tourville
Its President

By: _____
Tom Link
Its Executive Director

ATTEST:

Kim Fox, Secretary

SELLER:
CITY OF INVER GROVE HEIGHTS

By: _____
George Tourville
Its Mayor

ATTEST:

Melissa Rheaume, Deputy City Clerk

EXHIBIT A
LEGAL DESCRIPTION OF REAL PROPERTY

PARCEL 1:

All that part of the North Half of the Northeast Quarter of Section 8, Township 27, Range 22, Dakota County, Minnesota, lying Westerly of Babcock Trail (aka German Road) and lying Northeasterly of the centerline of 70th Street East as depicted on Dakota County Right of Way Map No. 124 recorded as Document No. 1029051.

Abstract Property.

Subject to roadway easement and other easements of record.

PARCEL 2:

That part of the South Half of the Southeast Quarter of Section 5 and that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet to the point of beginning of the parcel to be described; thence continuing South 89 degrees 46 minutes 10 seconds East 834.38 feet; thence North 00 degrees 13 minutes 50 seconds East 41.25 feet; thence South 89 degrees 46 minutes 10 seconds East 97.92 feet; thence South 03 degrees 48 minutes 38 seconds East 594.27 feet; thence South 83 degrees 15 minutes 06 seconds West 358.76 feet; thence North 00 degrees 28 minutes 53 seconds West 155.00 feet; thence North 89 degrees 46 minutes 10 seconds West 320.00 feet; thence North 15 degrees 59 minutes 15 seconds West 59.39 feet; thence North 89 degrees 46 minutes 10 seconds West 280.00 feet; thence North 00 degrees 13 minutes 50 seconds East 383.12 feet to the point of beginning.

Subject to and reserving to Grantor an easement for sewer drainfield purposes over, under and across, that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, bounded by a line described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet; thence continuing South 89 degrees 46 minutes 10 seconds East 610.68 feet; thence South 00 degrees 28 minutes 53 seconds East 440.18 feet; thence North 89 degrees 46 minutes 10 seconds West 11.86 feet to the point of beginning of the line to be described; thence continuing North 89 degrees 46 minutes 10 seconds West 124.83 feet; thence North 26 degrees 48 minutes 44 seconds West 38.82 feet; thence North 10 degrees 42 minutes 37 seconds East 187.23 feet; thence South 85 degrees 23 minutes 36 seconds East 63.95 feet; thence South 13 degrees 56 minutes 21 seconds East 60.86 feet; thence South 25 degrees 59 minutes 57 seconds East 64.60 feet; thence South 00 degrees 28 minutes 53 seconds East 96.85 feet to the point of beginning.

Subject to roadway and other easements of record.

**PLANNING REPORT
CITY OF INVER GROVE HEIGHTS**

REPORT DATE: December 29, 2011

APPLICANT: City of Inver Grove Heights

REQUEST: Review Potential Sale of City Property for Consistency with the Comprehensive Plan

HEARING DATE: January 3, 2012

LOCATION: 70th Street and Babcock Trail and 70th Street to the West of Babcock Trail

COMPREHENSIVE PLAN: Public Park/Open Space

ZONING: P, Public/Institutional

REVIEWING DIVISIONS: City Attorney's Office
Parks and Recreation Department

PREPARED BY: Thomas J. Link, Community Development Director



BACKGROUND

The City of Inver Grove Heights is considering the sale of excess golf course properties to the Inver Grove Heights Economic Development Authority. The Planning Commission is to consider making a recommendation on the consistency of the sale with the Comprehensive Plan.

EVALUATION OF THE REQUEST

In accordance with Minnesota Statutes, the Planning Commission must review the municipal acquisition and sale of properties for consistency with the Comprehensive Plan. Specifically, State Statute Chapter 462.356, Subd. 2, states "No publicly owned interest in real property within the municipality shall be acquired or disposed of ... until after the planning agency (Planning Commission) has reviewed the proposed acquisition or disposal ... and reported its findings as to compliance of the proposed acquisition or disposal with the comprehensive municipal plan."

The City acquired about 280 acres in 1990 for a municipal golf course. The golf course, Inver Wood, was subsequently developed and has been operated by the City for many years. Two parts of the golf course property are not used and are no longer necessary for the golf course operation. The first parcel, of approximately four acres, is located on the northwest corner of 70th and Babcock and is physically separated from the golf course by 70th Street. The second property is about 11 acres and lies on the south side of 70th Street west of the golf course parking lot.

The Comprehensive Plan Land Use Plan designates both properties as Public Park/Open Space. The City consequently zoned both properties P, Public/Institutional. The Comprehensive Plan also shows the Inver Wood Golf Course on the City's Park Plan and identifies the two parcels on the 2030 Parks, Trails and Open Space Plan.

The Comprehensive Plan also addresses economic development. The plan's guiding principles include preserving the City's financial integrity with a well balanced tax base. The implementation section of the Comprehensive Plan states that the City should develop a "strong economic development program...that focuses on improving Inver Grove Heights' overall quality of life, attracting diverse and ample labor force and providing services and amenities that businesses, employers and employees look for." More specifically, the plan's implementation action steps include strengthening the role of the Economic Development Authority and developing an economic development strategic plan.

Consistent with the Comprehensive Plan, the City Council reaffirmed the Economic Development Authority (EDA) in January 2011 and reconstituted the EDA Board, consisting of the Mayor and four Councilmembers. At its last meeting, the EDA directed staff to proceed with the potential sale of the excess golf course properties to the EDA with the purpose of improving the City's tax base. The EDA, at some undetermined future time, could then market and sell the properties for development. The type of development has not yet been determined but, in any case, the Planning Commission will have to consider a Comprehensive Plan Amendment prior to the EDA selling the property and providing for its development.

ALTERNATIVES

The Planning Commission has the following actions available for the request:

- A. **Approval.** If the Planning Commission finds the request acceptable, it should recommend that the sale of the excess golf course properties to the EDA is in compliance with the Comprehensive Plan.
- B. **Denial.** If the Planning Commission does not find the proposed sale of the excess golf course property consistent with the Comprehensive Plan, it should recommend denial with findings provided to support that denial.

RECOMMENDATION

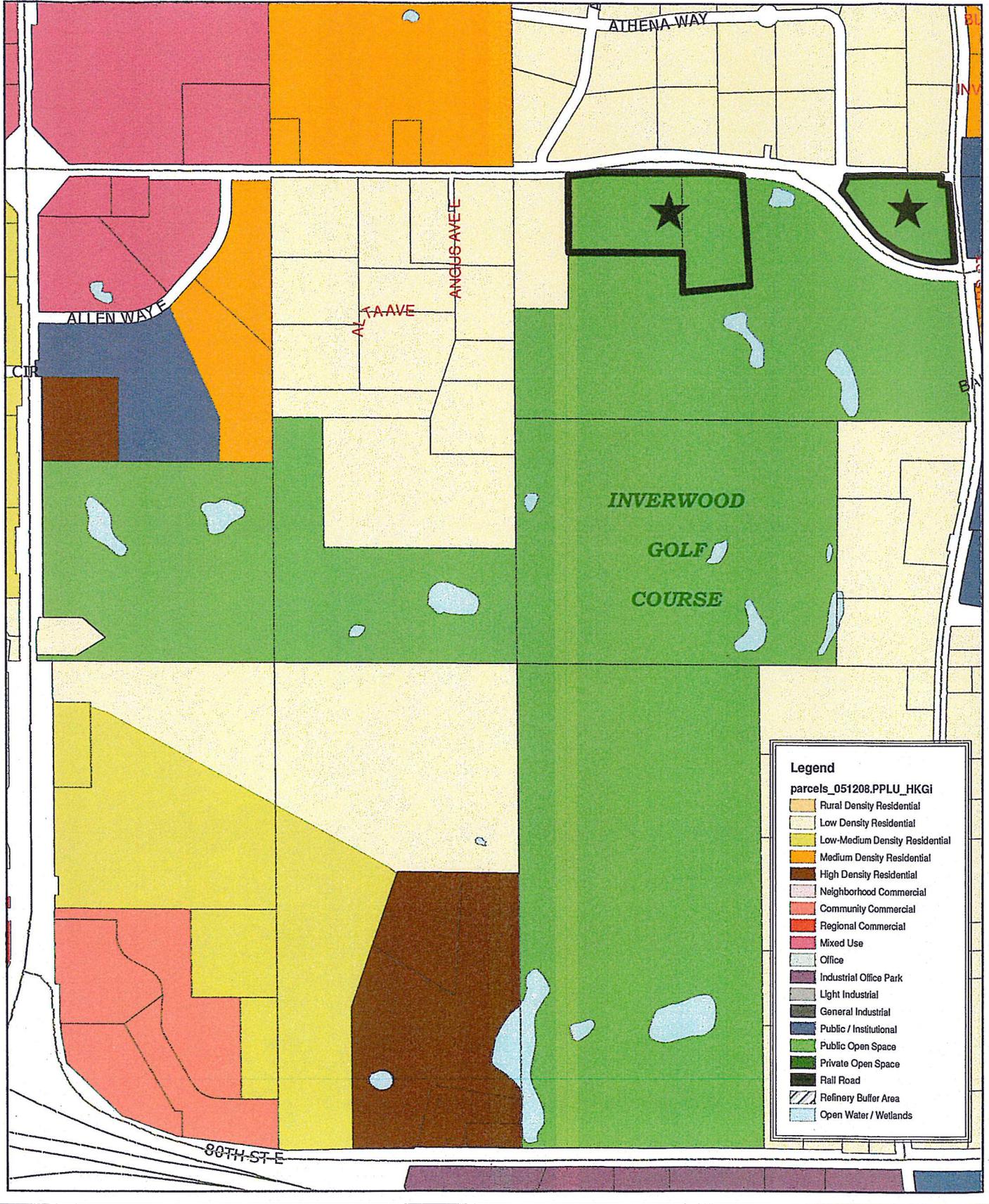
Staff recommends approval of the request to find the sale of the excess golf course properties consistent with the Inver Grove Heights Comprehensive Plan based on the following rationale:

- The properties are not used by the golf course and are no longer necessary for its operation
- The sale of the properties would not impact the golf course operation but would eventually serve the Comprehensive Plan's goal for economic development
- The specific land use would have to be determined at a later date and would be the subject of a Comprehensive Plan Amendment that would be considered by the Planning Commission.

ATTACHMENTS: Maps (3)

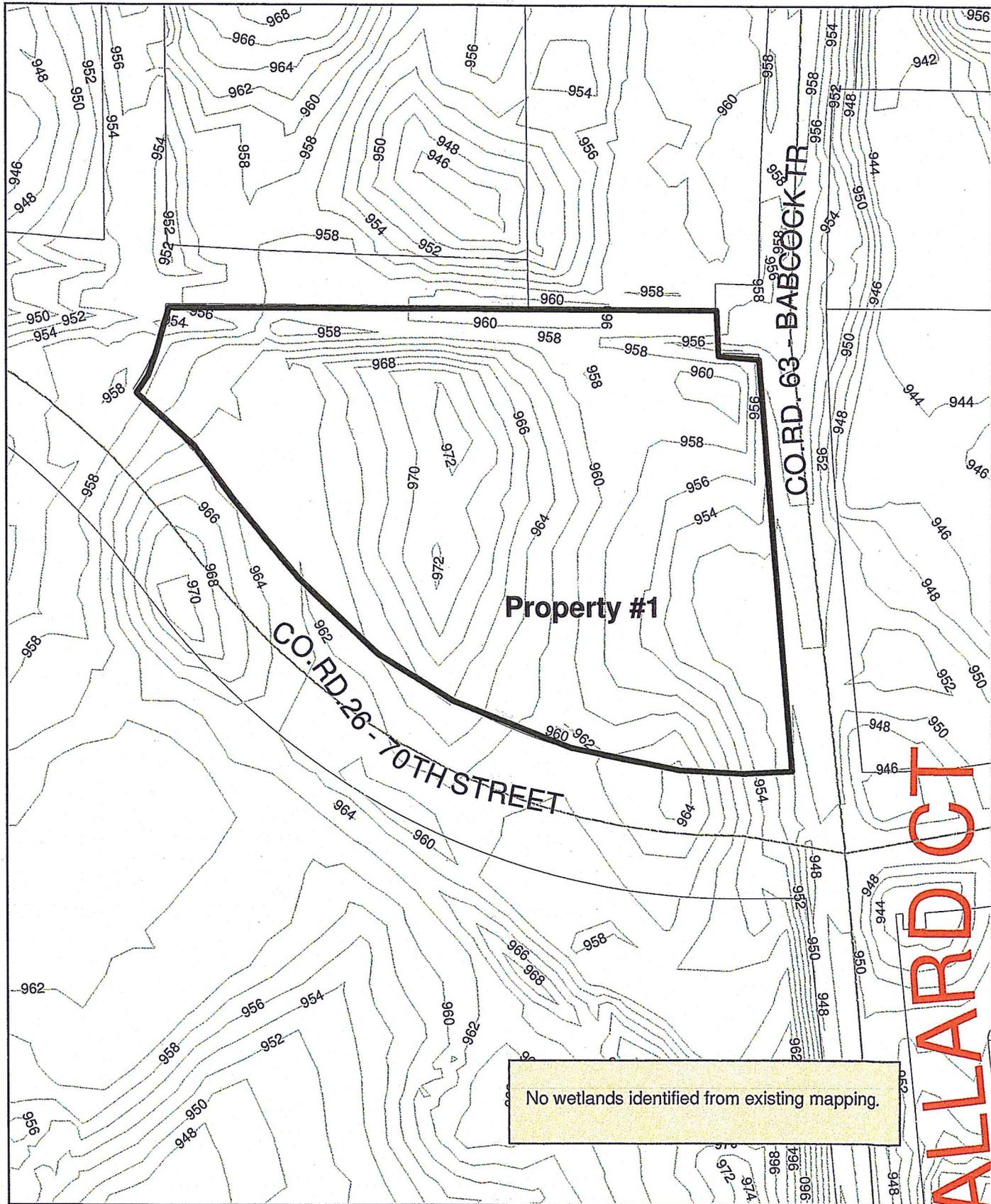


Excess Golf Course Property



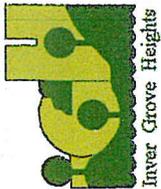


Inverwood Golf Course Excess Properties Property #1



No wetlands identified from existing mapping.

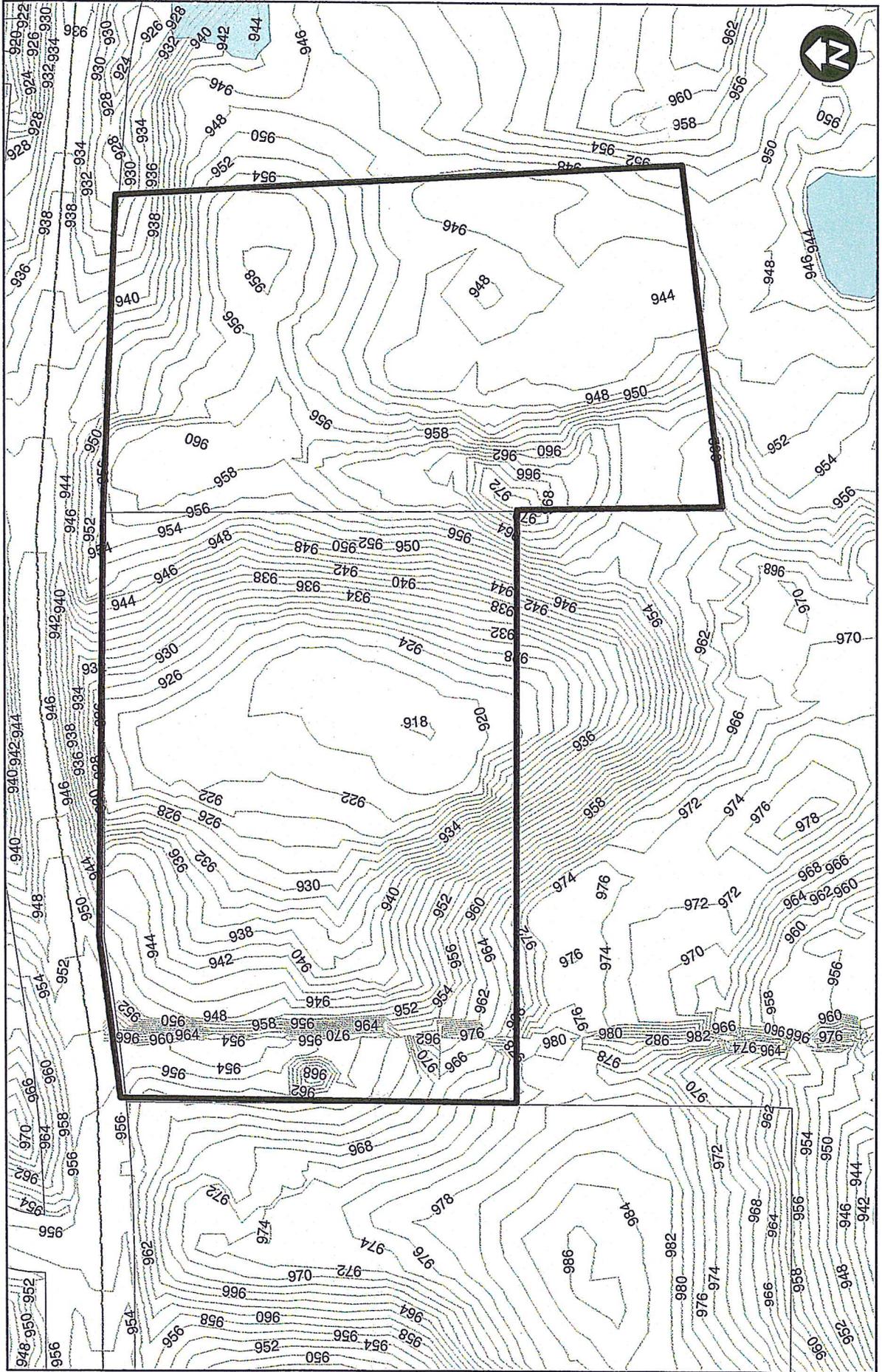
ALLARD CT



Inver Grove Heights

Inverwood Golf Course Excess Properties Property #2

No wetlands identified from existing mapping.
OF18 - Old Field Area. Moderately good restoration potential.
EB10 - Oak Woodland-brushland. Mangage 3 area
BP-035 Northwest Area Regional Storm Water Basin



**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: November 2, 2011 for EDA Meeting of November 7, 2011
SUBJECT: Acquisition of Excess Golf Course Property

1. **ACTION REQUESTED:** The Inver Grove Heights' Economic Development Authority (EDA) is to discuss the EDA's acquisition of the excess golf course property and provide direction to staff.

2. **BACKGROUND:** The City Council discussed this matter at its last meeting on August 1. The excess property includes two parcels. The western property is 10.8 acres and is located to the west of the golf course parking lot. The eastern site is 4.6 acres at the northwest corner of 70th Street and Babcock.

The EDA directed staff to obtain an updated appraisal and to provide additional information about topography and the cost of extending utilities. The City Council subsequently approved a proposal from BRKW Appraisals to perform the appraisal.

3. **ANALYSIS:** In response to the EDA's request, staff provides the following information:
- Topography – As the enclosed topographical maps show, the western property has a stormwater retention pond and steep slopes. The Northwest Area Zoning Ordinance, however, allows a property owner to transfer density from one part of the property to another and “cluster” the development on those parts of the property that are more amenable for development. Nonetheless, the appraiser assumes that topography would limit development to nine units per acre, rather than the maximum density of 12 units per acre.
 - Utility Costs – Engineering has estimated that the cost of extending sanitary sewer and water to the two parcels would be in the range of \$500,000 to \$700,000. The Northwest Area utility connection fees would generate about \$1,000,000, assuming the appraiser's densities.
 - Appraisal – The appraisal has determined that the value of the two properties exceeds the debt of the golf course. The actual evaluation and the appraisal itself are considered confidential at this time. Staff can provide City Council members with a confidential copy of the appraisal upon request.

The EDA's acquisition of the excess golf course property would provide the following benefits:

- Improves the golf course's financial position by eliminating the debt and making the golf course more cost competitive
- Provides the EDA, the most appropriate entity for fostering development of the property, with an asset

- Will eventually generate increased property taxes through the development of the property

If the EDA decides to acquire the excess golf course properties, it would have to establish a development district. It probably would not be possible to establish this development district before the next debt payment comes due in December. However, the EDA would be able to establish a development district and acquire the property by the time of the following debt payment in February, 2012.

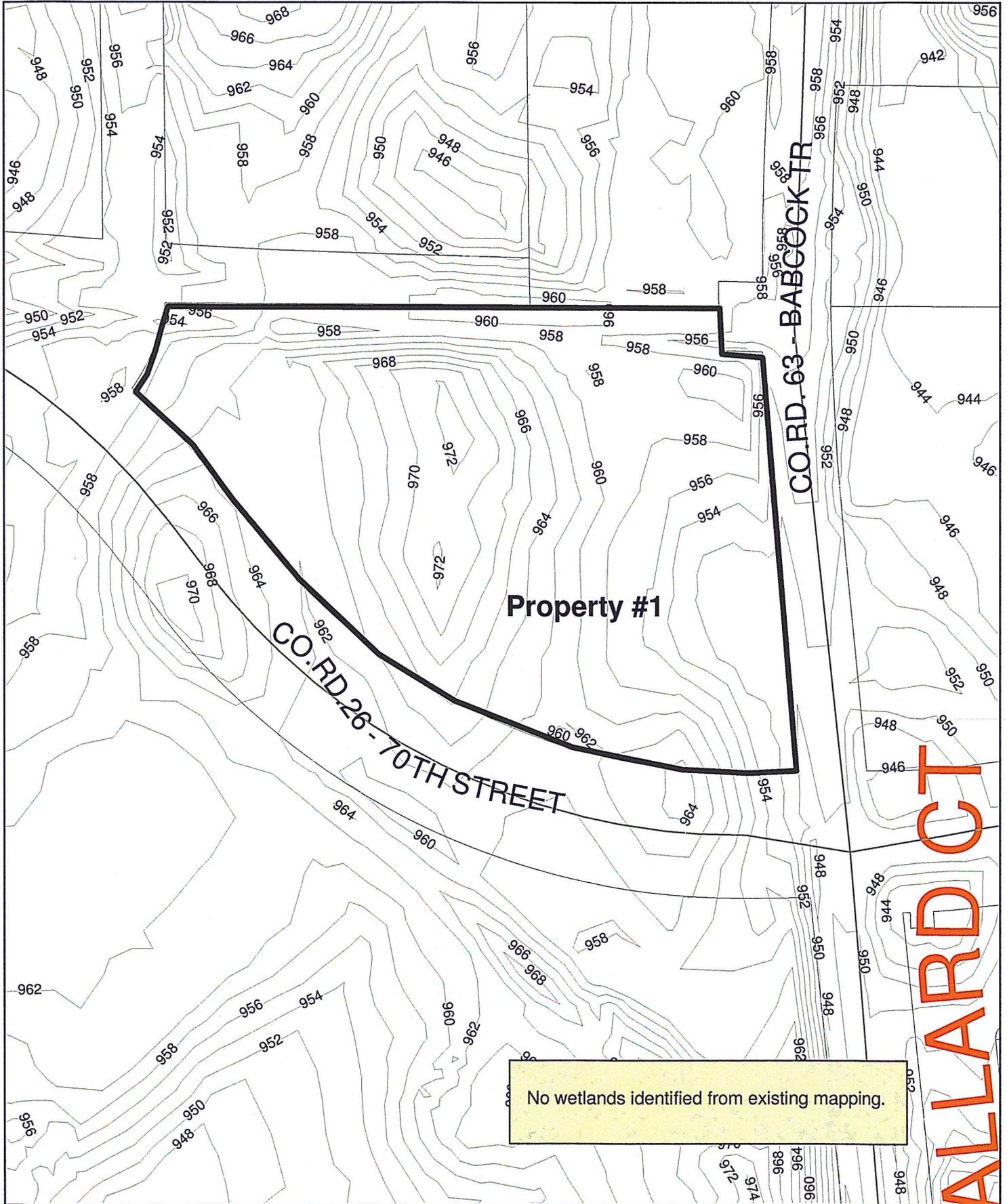
Enc: Topographical Maps

cc: Eric Carlson, Park and Recreation Director
Al McMurchie, Golf Course Manager



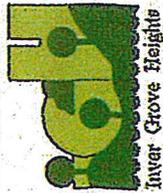
Inverwood Golf Course Excess Properties

Property #1



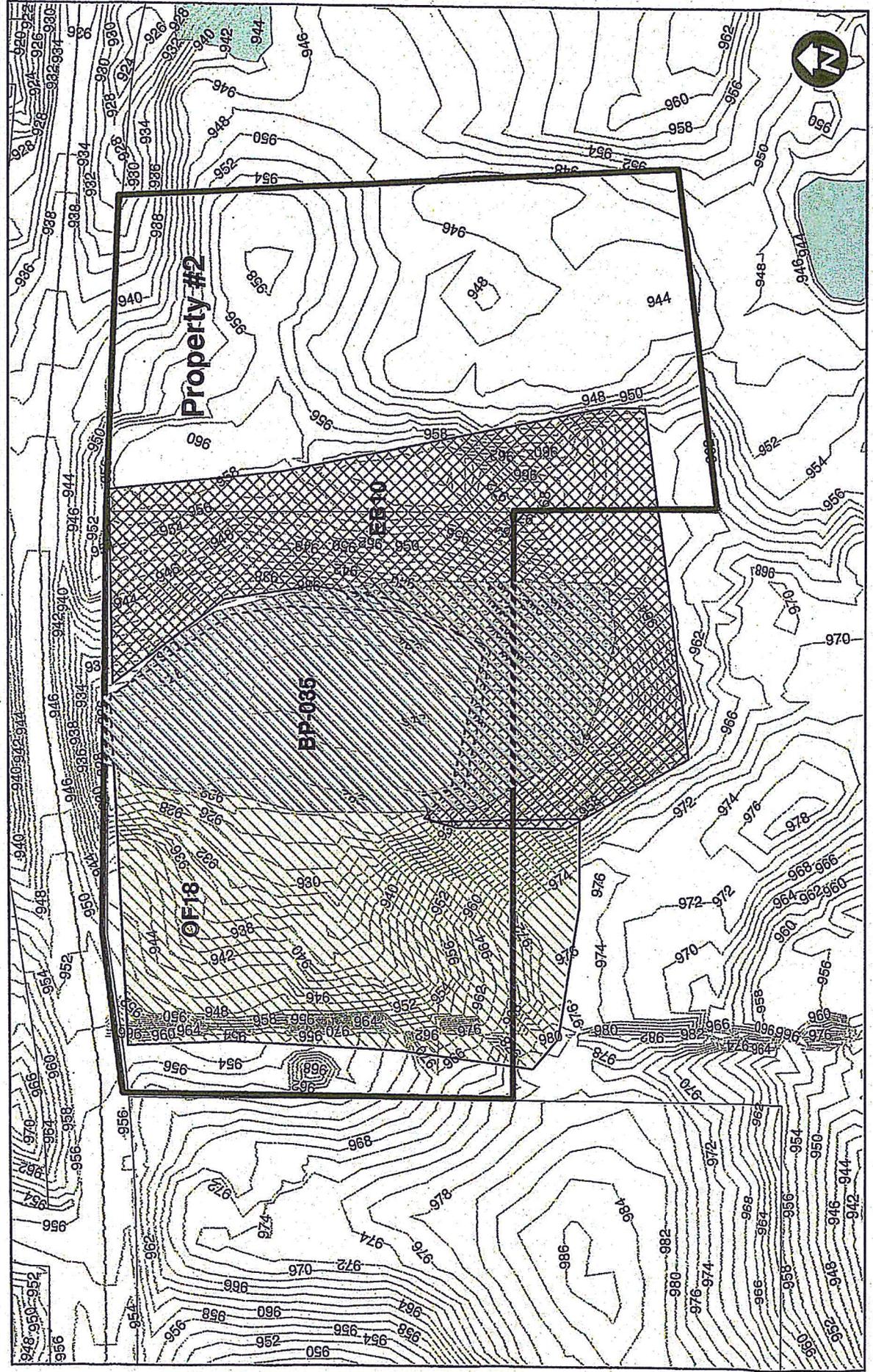
No wetlands identified from existing mapping.

ALLARDCO



Inverwood Golf Course Excess Properties Property #2

No wetlands identified from existing mapping.
OF18 - Old Field Area. Moderately good restoration potential.
EB10 - Oak Woodland-brushland, Mangage 3 area
BP-035 - Northwest Area Regional Storm Water Basin



MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development *TJL*

DATE: January 19, 2012 for EDA Meeting of February 6, 2012

SUBJECT: Small Business Loan Program

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to 1) further discuss the administration of the Small Business Loan Program and provide direction to staff and 2) review public information requirements as it relates to loan applications.

2. **BACKGROUND:** The EDA identified the development of a small business loan program as one of four items for the 2011 Work Plan. At its last few meetings, the EDA reviewed other cities' small business loan programs, developed program guidelines, and discussed the level and source of funding.

Attached, for the EDA's background information, is the Small Business Loan Program guideline, as revised by the EDA. The guidelines are based, in part, on similar programs in the cities of Oakdale and South St. Paul. The program would:

- Focus primarily on existing Inver Grove Heights businesses, including empty storefronts, and secondarily on new businesses
- Allow retail businesses, including restaurants, to be eligible
- Provide flexibility so that the EDA can consider loan applications on a case-by-case basis
- Not provide for loan forgiveness

The first year's funding is proposed to be \$100,000. This \$100,000 would come from the \$500,000 that staff has previously recommended be transferred from the Host Community Fund for economic development purposes.

3. ANALYSIS:

Administration:

The EDA is requested to provide direction regarding the administration of the program.

At its last meeting, the EDA expressed interest in two options for administering the program: 1) City staff with assistance from a loan review committee, and 2) a separate organization under contract with the City, such as the Metropolitan Consortium of Community Developers. Administration involves accepting, processing, and reviewing loan applications (underwriting), preparing and executing loan documents (closing), inspecting the improvement construction, reviewing invoices, and making payments (disbursement), and collecting monthly payments, maintaining records, and following up on delinquencies (servicing).

The first alternative is that City staff would handle the administration with assistance from a loan review committee. The Community Development and Finance department staff would administer all aspects of the loan program, except for underwriting. This task would be the responsibility of a group of volunteer bankers that would serve as a loan review committee. The Committee would review and analyze loan applications and make recommendations to the EDA. There would be some cost to this alternative, depending on how it is structured. The South St. Paul Futures uses a loan review committee. Representative of the Futures will be attendance at the EDA meeting to make a brief presentation.

The second option is contracting with another organization to administer the loans. Ellen Watters of Progress Plus has introduced the City to one such organization – the Metropolitan Consortium of Community Developers (MCCD). The MCCD is a non-profit association of community development organizations. They contract with cities to provide all aspects of loan administration services, in addition to providing a wide variety of financial resources and technical assistance. The actual program would be tailored to the individual city. There would be no charge to the customer but the contract fee with the City would be \$10,000 per year. This alternative would offer a wide variety of technical services to small, local businesses as well as provide additional financial resources. Several cities have contracted with MCCD including Minnetonka, St. Louis Park, North St. Paul, and Brooklyn Park. Materials regarding the MCCD program are enclosed. A representative of MCCD will also be in attendance at the EDA meeting to make a brief presentation.

Public Information:

An issue has arisen as to whether a business's financial information, as included in its loan application, is available to the public. The attached memo from City Attorney Tim Kuntz discusses this issue.

Follow-Up Actions:

If the EDA provides direction on the administration of the program, staff will:

- Implement the administration of the loan program
- Develop an application packet, including an application fee
- Work with Progress Plus to develop a marketing plan
- Bring the loan program back to the EDA for approval

4. RECOMMENDATIONS: The Inver Grove Heights EDA is to further discuss the Small Business Loan Program and provide direction to staff.

Enc: Program Guidelines
Metropolitan Consortium of Community Developers (MCCD) Material
Memo from City Attorney, dated January 10, 2012

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus
Rob Smolund, MCCD

CITY OF INVER GROVE HEIGHTS
SMALL BUSINESS LOAN PROGRAM GUIDELINES

Purpose

The City of Inver Grove Heights, through its Economic Development Authority (EDA), is making funds available to provide loans to Inver Grove Heights business owners for building construction and improvements. The purpose of the loans is to primarily encourage reinvestment and updating of financially sound, established, existing businesses and, secondarily, the construction of new businesses. Generally, the loans are not intended to be a substitute for conventional business financing but to be a supplement by providing a portion of the financing necessary.

Loan Amount: The EDA loans will provide funding for up to 20% of the total eligible projects costs, not to exceed the following maximum loans:

- Up to \$15,000 for a new business moving into the City or for a business that has been in the City for less than five years
- Up to \$20,000 for a business that has been in the City for at least five years

The minimum loan is \$5,000.

Number of Loans: The EDA will annually determine the level of funding for the program. The cumulative total dollar amount available for loans in a year will not exceed this funding level.

Interest Rate: Negotiable

Term: The maximum term is ten years or upon closure or relocation of the business, whichever occurs first.

Loan Security: Negotiable

Eligible Properties: Businesses must be zoned for commercial or industrial uses and must be designated as commercial or industrial according to the Comprehensive Plan. Properties may not be the recipient of tax increment financing or tax abatement.

Eligible Owners: Loans will be provided only to the owner of a property and only to for-profit entities. Owners of more than one business are eligible for only one loan at a time.

Eligible Projects: The following are eligible projects:

- Building improvements and additions, such as roof repair, electrical and plumbing upgrades, energy upgrades, HVAC systems
- Building exteriors and façade improvements
- Connections to city utilities and unique storm water improvements
- Code corrections, such as fire suppression and handicap accessibility
- Site improvements, such as grading and drainage, storm water improvements, utility improvements, parking lots, lighting, landscaping, and screening
- Leaseholder improvements and, in the case of restaurants, kitchen equipment
- Structural improvements to encourage the leasing of vacant space
- New building construction

Ineligible Projects: The following are ineligible projects:

- Land acquisition
- Financing fees
- Refinancing of existing debt
- Taxes and special assessments
- Personal property
- Working capital
- Machinery
- Interior remodeling
- Furniture and fixtures
- Previously completed projects
- Projects started prior to EDA approval.

Loan Security: Negotiable

Application Deadline: Applications will be accepted year round on a first come, first served basis.

Application Process: It will take about 30 to 90 days to complete the following process:

- Applicant should contact a primary lending institution to determine private financing
- Applicant will meet with EDA staff to obtain program information/application forms and discuss the project
- Applicant will complete and submit the application form to EDA staff and pay the application fee
- EDA staff will review the application for completeness and determine if the application conforms to the program's guidelines
- EDA staff and fiscal consultant will review the application to determine financial feasibility of the business, owner, and project. The review will include a credit check of the business and owners. The EDA will carefully consider management capability, experience, financial support, soundness of the business, and long-range possibilities for a successful operation.

- EDA staff will negotiate the conditions of a loan, including term, interest rate, and security
- EDA will consider approval or denial of the application
- City Attorney will prepare the loan agreement
- EDA staff and applicant will close on the loan agreement

Selection Criteria: Applications will be reviewed and analyzed against the following criteria:

- Ability to improve the City's economic diversity and to provide essential products and services
- Ability to create and retain job opportunities
- Ability to increase the City's tax base
- Ability to encourage improvements in redevelopment areas or heavily commercialized areas with high visibility
- Ability to encourage improvements and improve the appearance of the surrounding business neighborhood
- Ability to accelerate improvements on sites that may not be improved without municipal subsidies assistance
- Consistency with the Comprehensive Plan and compliance with city codes
- Demonstrated need for secondary financing
- Financial feasibility

Project Completion: The project must be completed within 120 days of the loan closing

Disbursement Process: Payment to the contractor will be made upon completion of the work following:

- Inspection by the City to verify the completion of the work and compliance with all codes and ordinances
- Submittal of invoices
- Submittal of completion certificate signed by borrower and contractor
- Submittal of lien waiver for entire cost of work
- Submittal of verification that contractor has been paid for matching portion of project
- Verification of payment of property taxes and special assessments

The Inver Grove Heights EDA recognizes that each business is unique and must be handled on a case by case basis. While the EDA will generally use these guidelines for administering the small business loan program, the EDA reserves the authority to vary from these guidelines to encourage reinvestment and updating of existing businesses and, secondarily, the construction of new businesses, consistent with the above selection criteria.

MCCD is  in your community

Promoting entrepreneurship. Entrepreneurs are starting and growing small businesses in your community. By helping them gain access to financing and other business assistance, you can encourage small business development that grows your tax base, creates local jobs and increases community vitality.

How we can help. MCCD's Open to Business program brings on-site business services specialists to your city that can expand your community development staff's expertise in such areas as start-up financing and business plan development. We can respond to requests for business assistance when those requests are beyond the range of the services normally provided by your municipal agencies.

How we work. Our staff can provide one-on-one assistance customized to meet the needs of your small business owners and operators. Many of our clients receive help in planning and organizing their business ventures. We can also assist with financial management, marketing and regulatory compliance.

Accessing capital for your businesses. MCCD operates a small business loan fund that can help your entrepreneurs access the capital they need to grow their businesses. We can also draw on our long-standing partnerships with area banks to help your businesses obtain bank loans and revolving lines of credit. As a participant in MCCD's "Open to Business" program, your community development agency can help promote more effective access to capital for your local businesses.

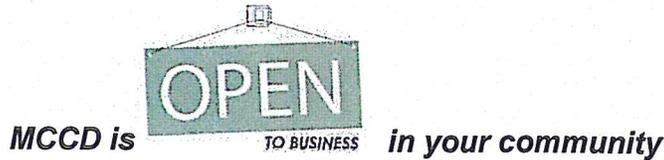
How we partner with you. MCCD will work with city staff to develop materials that brand this as a program of your city and assist with outreach ideas to the business community. Our staff can meet clients at our office or their place of business. In addition, we can schedule on-site hours at your city hall or other public venue for walk-in consultations. This fee-for-service arrangement can provide you with a cost-effective alternative to an "in-house" business development program staffed and funded by your agency.

Who we are. The Metropolitan Consortium of Community Developers is an association of 43 non-profit community development agencies that work to improve housing and economic opportunity throughout the Twin Cities metropolitan area. During this past year, our team of business development specialists has provided access to more than \$1 million in business capital for our clients and technical assistance services for more than 200 area businesses. You can find our Web site at www.opentobusinessmn.org.

For more information, contact:

Rob Smolund
Metropolitan Consortium of Community Developers
rsmolund@mccdmn.org
612-789-7337, ext 11





WHO WE ARE

The Metropolitan Consortium of Community Developers (MCCD) is a 45 member association committed to increasing opportunities for development of quality, community-based projects through collaborative action on public policy issues, loan fund development, public education efforts, and long-term strategic planning. Through these efforts, we have been able to demonstrate the effectiveness and efficiencies gained by a shared vision and cooperation.

Our mission is to: “*work collectively to build strong, stable communities by leveraging resources for the development of people and places.*” Our goals are to: 1) increase popular, political, business, and financial support for community-based housing and small business development organizations; 2) create access to loan capital and technical assistance for emerging entrepreneurs; and 3) increase the effectiveness of community-based development through coordination, collaboration, and capacity building activities.

MCCD’s work is centered on three distinct program areas: Emerging Small Business Program, Affordable Housing, and Public Policy.

Emerging Small Business Program: Provides capital access and technical assistance for existing businesses and aspiring entrepreneurs who are unable to fully access the commercial banking system. The organization funds or participates in an average of 50 loans per year, with loan amounts of up to \$50,000. Along with capital, MCCD staff provides more than 2,000 hours of direct technical assistance to entrepreneurs. Technical assistance services include business plan development, loan packaging, feasibility studies, cash flow and financing projections, marketing plans, assistance with licensing and filing requirements, and development of sound financial management and tracking systems. Historically, more than 80% of MCCD’s loans have been to minority borrowers. For many of our borrowers the loans provide self-employment, and unique opportunities for advancement and personal enrichment as business owners that may not be available to them as employees. Open to Business is a part of the Emerging Small Business Program.

Convening: MCCD acts as a convener for our members. This is accomplished through monthly meetings of our Housing Committee, Economic Development Committee, and St. Paul Task Force. Agendas for each reflect the focus of the participating members. Meetings typically involve guest presenters on topics of relevance, strategy sessions related to common concerns, or general updating and sharing among the attendees. On at least an annual basis, staff from the City of Minneapolis’ Community Planning and Economic Development (CPED), City of St. Paul’s Planning and Economic Development (PED), the Minnesota Housing Finance Agency (MHFA), the Family Housing Fund, and Hennepin County among others, would be invited.

Public Policy: With the combined expertise of the leading community development organizations, MCCD has become a recognized and respected voice on housing, small business development, and inner-city commercial development. Through the work of our standing committees, MCCD shapes an annual policy platform and legislative agenda that is formally adopted by the board of directors. These documents provide direction to staff as to items MCCD takes the lead on, those that we support others, and those that we monitor. Aside from the adopted positions, MCCD responds frequently to new program proposals, changes in policy or procedures, and funding changes at the local, state and federal levels.



Minnetonka Open To Business Update
June 23, 2011

The Minnetonka Open To Business program has been well received and efficiently promoted. So far through June 23, 2011 the program fielded 66 inquiries; had 39 face to face meetings and performed 95 hours of technical assistance. One business operated by a Minnetonka resident received a \$25,000 loan from MCCD to purchase much needed inventory for his peak season. This company is a wholesale distributor and retailer in a niche industry and has been growing dramatically but has needed help with cash flow management. The Open To Business program assisted the entrepreneur with developing a longer term growth plan and will continue to help them access the capital they need to sustain the growth. Another Minnetonka business was assisted in expanded their memory care group home operation to a second location.

Areas of consultation included:

- Financial planning
- Commercial lease analysis
- Strategic planning
- Business plan development
- Loan packaging
- Business feasibility
- Marketing brainstorming
- Franchise evaluation
- Business purchase evaluation
- Matching potential tenants with commercial landlords

Some of the business types/ideas we worked with include:

- Memory Care group home
- Disc Golf distributor
- Distributor of Gifts from Costa Rica
- Franchise Sign Company
- On line consulting to assist in college application process
- Marketing consultant
- Picture Framing business
- Frozen drink mix distributor
- Home based specialty candy distributor
- Designer woman's boutique consignment shop
- Commercial Cleaning Franchise
- Dental Lab
- Alternative energy invention
- High end home décor online business

Demographics of Clients Served –

- Average age of client – 46
- Average monthly household income from employment \$5,300
- Average monthly household self-employment income \$3,640
- Out of 36 enrolled clients, 31 were born in the United States, 2 in Colombia 1 each in Russia and Poland.
- 25 Females and 11 Males
- 8 Clients who are operating businesses reported an average of \$25,125 in monthly revenue



Richard Sennott, Star Tribune

Brooklyn Park is offering a program that Provide free one on one intensive, confidential counseling to entrepreneurs who are thinking of opening a business or expanding one. Rod Smolund is the counselor who call himself a "Business Therapist" and works with the entrepreneurs. Rod Smolund talked with Lynn Huynh in a conference room in City Hall, she wants to expand and move her restaurant.

A business counselor is on hand every third Tuesday in Brooklyn Park to help people navigate the entrepreneurial waters -- and it doesn't cost them anything.

By **MARIA ELENA BACA** mbaca@startribune.com

Last update: March 26, 2011 - 7:07 PM

Take notice, Brooklyn Park: The "Business Therapist" is ready to hear your money-making ideas.

Last Tuesday, adviser Rob Smolund met with Lynn Huynh, manager of her brother's restaurant, Kim Anh Pastry and Deli, on Edinburgh Center Drive. The siblings are contemplating a move and expansion to a former Dunn Brothers coffee shop across the street, and were looking for help to secure financing to take the step.

In a half-hour meeting at City Hall, Smolund went through the restaurant's financials, listened enthusiastically to the details of the new location, and gave Huynh a handful of resources to check out for private financing, as well as a to-do list to check off before their next meeting.

Smolund, an enterprise facilitator with the Metropolitan Consortium of Community Developers, is available for consultation the third Tuesday of each month at City Hall as part of a program made possible by the Brooklyn Park Development Corp., a nonprofit funded by the city's Economic Development Authority. Users are business owners seeking to expand operations in Brooklyn Park, or entrepreneurs with a great idea and the drive to make it happen. The city has a deal with Smolund's organization, to pay his \$50 hourly fee, up to \$5,000. Participants pay nothing for his services.

Smolund does a similar service in Minnetonka and North St. Paul. Other cities are in the pipeline.

Brooklyn Park's business developer, Amy Baldwin, praised the way Smolund follows clients through the process, possibly strengthening and expanding the city's small business core.

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StarTribune.com

"We don't have the capacity to do what he does," she said. "If they run into a hiccup along the road, they have an ally to help them through."

After about six months in operation, the program has been popular enough that the city has expanded Smolund's hours. He starts most of his Brooklyn Park days with several half-hour appointments; his free time often is filled by drop-ins. Smolund has seen one of his early protégées, Lara Babalola, to the point of opening her business, Diva's Ave. Boutique, at the Shops at Village Creek, with loans from the city development corporation, WomenVenture and the consortium. He or a colleague has spent more than 50 hours counseling with 19 residents.

In last Tuesday's session, Smolund warned Huynh about potential damage a move could do to the restaurant's brand; she countered that the new space was within sight of the old one. Plus, it has space for a large roaster, a drive-through window, better curb appeal and favorable lease conditions, she said.

He encouraged her to get all the details in writing, and promised that with more information he'd help her make financial projections three years out, as part of an eventual loan application.

Huynh is an unusually savvy entrepreneur, Smolund said. He called attention to the "Business Therapist" line on his business card. Sometimes, his work is just a matter of helping people streamline their ideas and fill out applications. Sometimes, he helps them to create a multi-year plan. Sometimes, he encourages



them to concentrate their efforts elsewhere.

Bad ideas can succeed

"I can't predict winners or losers," he said, adding that he's seen what he considers great ideas fail, and crummy ideas succeed, based on smart execution.

What he does is help people identify their strengths and weaknesses, and when necessary encourages them to find partners to make their dreams reality.

The city has microloans available for people who can't get access to commercial bank loans, but Smolund said entrepreneurs should be able to put at least 10 percent into a deal.

He said he believes that the recent popularity of the program is a reflection of both people's renewed confidence in the recovering economy and of the desperation of people who are looking for any revenue source.

"It's a long process, and I help them with that," he said. "I take a very holistic approach. If I don't feel their business has legs, I still help them. I tell them, look out a year."

Maria Elena Baca • 612-673-4409

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SPORTS
Trio once relegated,
now celebrated
PAGE 16



First loan from program finances BP entrepreneur's dream

BY JENNIFER YOUNG • SUN NEWSPAPERS

Brooklyn Park's first small-business loan fund has financed 24-year-old entrepreneur Lara Babalola's dream.

A Feb. 4 ribbon-cutting marked the grand opening of her store, Diva's Ave. Boutique. Babalola's mother and father attended the ceremony as well as Councilmembers Jeanette Meyer and Melic Irigoiner.

The store stocks a variety of women's clothes, shoes and accessories.

"I've wanted to do this since I was 16," said Babalola. "I've always been into fashion."

As manager of another clothing store, Babalola had experience in the fashion industry but she wasn't eligible for a traditional bank loan to start her own business. So last August she met with Amy Baldwin, the City of Brooklyn Park's business developer, to discuss alternate financing.

"It was a new loan fund that we established for startup businesses," said Baldwin. "It's a very unique resource in a time when funding is hard to get from traditional banks."

Babalola's loan was the first financed through the micro-loan program, which the City offers in partnership with the Metropolitan Consortium of Developers. The consortium is an association of more than 45 nonprofits that provides entrepreneurs with business guidance and helps them access capital.

Babalola's \$33,000 loan was funded by the Brooklyn Park Development Corporation, the consortium and Women's Venture. Each provided a third of the funds, or \$11,000.

The Brooklyn Park Development Corporation is run by the City as a means of investing in small businesses. Women's Venture is a nonprofit that seeks to help



Lara Babalola hosted a ribbon-cutting for Diva's Ave. Boutique Friday, Feb. 4. Councilmember Jeanette Meyer and Brooklyn Park Development Corporation president Sue Low held the ribbon. (Jennifer Young • Sun Newspapers)

Women achieve financial prosperity

Before receiving the loan, Babalola had to do a lot of work.

"I really had to prove myself and show my passion," she said.

Rob Smolund, enterprise facilitator at the consortium, says he made Babalola

prove she could be successful.

"I just kept giving her more and more work to do, to be honest," he said, "and she kept coming back with the right answers."

Smolund says he's impressed with Babalola's passion and knowledge and the professional appearance of the store shelves.

opening.

He is also excited to continue partnering with Brooklyn Park to help others like Babalola.

Baldwin says the partnership with the

LOAN: TP PAGE 9

PETS stories and photos online at www.mhnllocal.com

"H. SOCIETY" Jennie Olsons' blog about life in the Twin Cities is at www.mhnllocal.com

MATHNASIUM
The Math Learning Center
763-269-6996
www.mathnasium.com

Loan

FROM PAGE 1

consortium is one way the City is supporting economic growth. She says Babalola's store is part of a development effort that reflects the City's mission statement. Brooklyn Park is a thriving community inspiring pride, where opportunities exist for all."

She Low, president of the Brooklyn Park Development Corporation says she's pleased the city is helping businesses like Diva & Ave.

"There are so many resources available for people who are interested and have a dream," said Low.

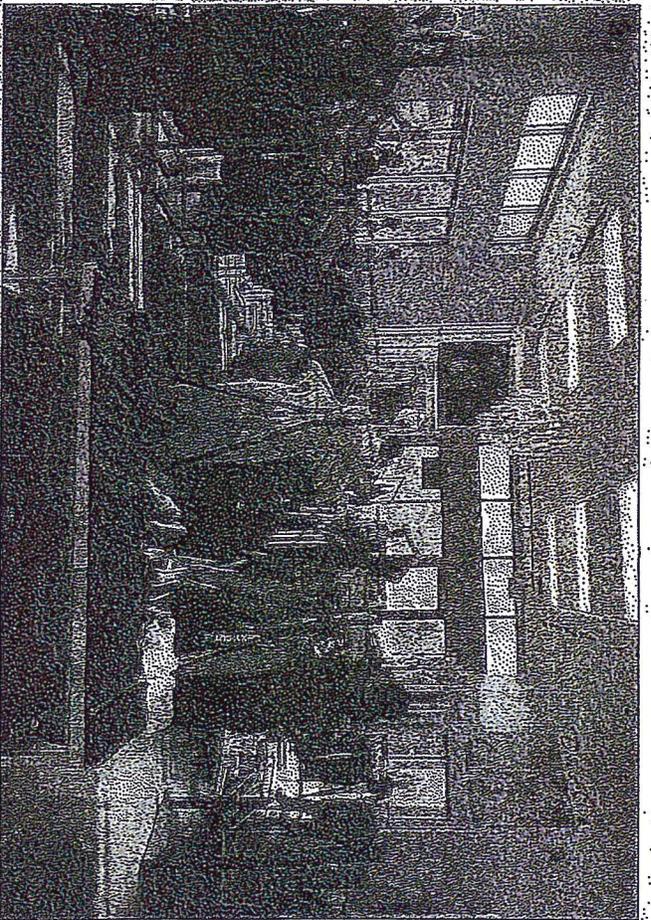
Ravadaus Gil, Babalola's fiancé, says it took a lot of effort to make this dream come true.

"It took a lot of work to pull it all together in three months," he said.

Babalola says she is grateful for the opportunity she's been given. And she has even greater ambitions. She hopes someday the store will expand to multiple locations and even spread outside Minnesota. But for now, Babalola is enjoying the moment.

"It's very exciting," she said. "Sometimes I look back, and I just can't believe this is all happening for me."

Divas Ave Boutique offers women's clothes, shoes and accessories. The store has a simple, elegant appearance. (Jonathan Young/Sun-Post/staffers)



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*Minnetonka partners with
group to assist small businesses*

By Casey Merkwan
Reporter

Since January, the city of Minnetonka has offered a service for small to medium businesses to get some extra help jump-starting their ideas.

The city partnered with Metropolitan Consortium of Community Developers (MCCD) to provide clients with assistance in starting up or expanding their businesses in a program called Open to Business.

"We have a lot of programs and a lot of opportunities for working with corporations and things like that but we weren't doing a whole lot for the small businesses or medium-size businesses in terms of expansion or just new business start-ups kind of advice, things like that," said Julie Wischnack, Minnetonka's community development director.

Wischnack said the city had heard of the MCCD's partnership with Brooklyn Park and decided to try it out.

For more than 20 years the MCCD, a non-profit community development organization, has helped businesses expand and increase opportunities for development and long-term strategic planning.

Typically business owners contact the city to ask about building permits and other regulations, but Wischnack said when they asked for advice about their business, the city didn't have a place to refer them.

"Frankly, it's hard to talk sometimes to government officials about their ideas, or

their dreams or their hopes, that's not something you would normally share with someone at city hall," she said.

Now business owners can take advantage of the services at MCCD for brainstorming, advice and direction on where to go for loans.

"A lot of cities have a lot of tools in their tool box for attracting bigger businesses and hitting home runs so to speak but they don't have a lot for helping the little guy on the street who maybe has a great idea but just doesn't have the resources or the expertise to bring it to a more substantial business," said Rob Smolund of MCCD.

Smolund said most of his clients are looking for either financial advice or for an outsider's opinion.

"I challenge people's assumptions a lot," he said. "I help give them a realistic expectation of their financing chances too."

Since starting the program, Wischnack said they've received 50 calls and have 24 active clients. Of those clients, half are businesses trying to get their foot in the door and the other half are existing businesses working on expanding.

Smolund said he's enjoyed working with the city and uses city hall as a meeting point for many of his client meetings.

"I love, really love, to help others in opening up their own business. I basically live vicariously through the entrepreneurs," Smolund said.

Minnetonka pleased with success of Open to Business program

BY Marc Ingber - Sun Newspapers

Published: Wednesday, April 27, 2011 2:41 PM CDT

When Bethany Buchanan was looking to open a second location of her business, she wasn't sure how to proceed.

She's the owner of Grace Homes in Minnetonka, a six-bed residential care home for the elderly. In opening a second location, Buchanan and her husband wanted help in both finding a home, logistics and financing.

Earlier this year she happened to see an ad for the city of Minnetonka's Open to Business program and decided to check it out.

Thanks to the program, she was able to accomplish her goals with the help of its primary staff member, Rob Smolund, enterprise facilitator for the Metropolitan Consortium of Community Developers.

Buchanan and her husband have been meeting regularly with Smolund for four months. He has helped them find a second location in Hopkins and is also helping them secure a small business administration loan.

"He is very helpful," Buchanan said. "I was very happy. There is not really any help for new small business owners like ourselves."

That is one of the reasons Minnetonka decided to partner with the Metropolitan Consortium on the Open to Business program. The only other cities in the metro that offer it are St. Louis Park, Brooklyn Park and North St. Paul.

"We were talking about the lack of resources for small businesses in the community," said Julie Wischnack, Minnetonka community development director.

"It's hard to entrust all your business information to a city government. We thought it was a good idea."

Through the first quarter of 2011, 26 businesses have been assisted through the Open to Business program. The clients are split evenly between existing and start-up businesses.

They have received assistance on topics such as business feasibility, financial planning, loan packaging, marketing, revenue-stream analysis, employment regulations and more.

"Some are start-up ideas," Wischnack said. "Some are operating and are making a business move and want some assistance."

Smolund said he was impressed with the number of business owners who had taken advantage of the services.

"The initial response was much better than we expected," he said. "I have found it to be rare that cities offer intensive one-on-one counseling to prospective and existing entrepreneurs."

The program's services are provided free to the clients. The city contracts with the Metropolitan Consortium to provide the services. Wischnack said Minnetonka benefited from the program as well.

"As a city, seeing vacancies isn't a good thing," she said. "You don't want businesses to fail. It's a good opportunity for people."

"It is the city's program," Smolund said. "We are just providing the service for much less than it would cost the city to hire an extra employee."

The program is adding a new component beginning in May called "Test Drive Your Idea." One day per month, Metropolitan Consortium staff will be at the Minnetonka Community Center and will be available for a 15-minute walk-in consultation.

"This connection creates a follow-up contact for the business," Wischnack said. "It's a long-term connection."

Buchanan said she had recommended the program to other business owners in Minnetonka and felt its presence in the city would continue to grow. She and her husband plan to continue utilizing its services as their business progresses.

"He really thinks outside the box," she said of Smolund. "He's really intelligent. In these tough times, you appreciate an ally."

Smolund said it's been a joy to work with the city and its business owners. "The staff understands the importance of supporting small businesses in the community by providing technical assistance and financing resources to existing and start-up businesses."

Wischnack said she hoped more people would discover the program. "Don't be too shy to call," she said. "You never know what opportunities are out there."

For more information on Minnetonka's Open to Business program call Rob Smolund at 612-789-7337 ext. 11 or visit eminnetonka.com. The Minnetonka Community Center is located at 14600 Minnetonka Blvd.

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Determine
feasibility

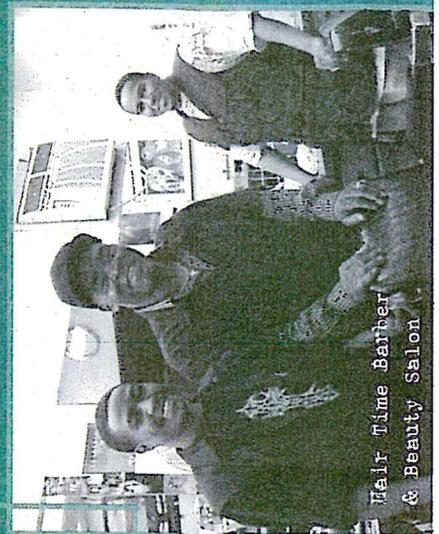
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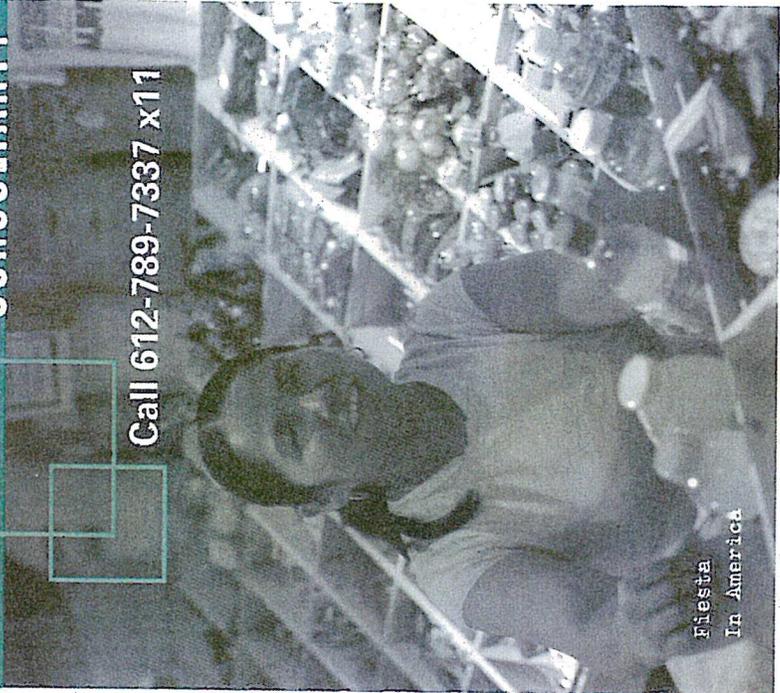


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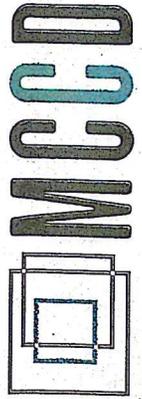
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Our trained staff can help you achieve your personal economic goals and determine the feasibility of your business plan.

We provide assistance in the following areas:

Financial management

What are cashflow projections and why are they important?

Bookkeeping set-up and training
How do I keep track of sales and expenses?

Loan packaging for any size loan, start up or expansion projects.

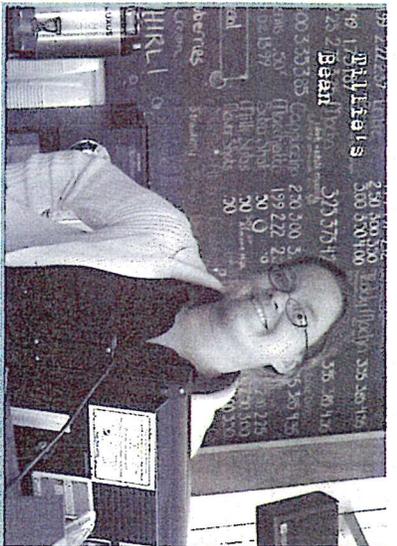
What are the document requirements I need to get a loan?

Business plan assistance

Do I need a business plan? If so, what do I include in it?

Real Estate analysis

Should I rent or own my business space?



Marketing assistance

Who are my customers and how do I reach them?

Strategic planning

How do I evaluate and manage growth?

Business regulations

What licenses or permits do I need? And how do I get them?

Professional referrals

How do I improve my credit score?

MCCD also lends to businesses that do not have access to traditional lending.

"You answered a few weeks' worth of questions in a few minutes. You offer a priceless service of solid information."

Kerry Dikken

Blasted Art, Inc. - Minneapolis

"I gained so much from it and feel better equipped to now organize the needed information to complete the business plan phase."

Susan Piazza
Piazza Designs - Richfield

Our programs are available to all

businesses located in the Twin Cities Metropolitan Area.

The Metropolitan

Consortium

of Community

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(MCCD)

is an association of nonprofit

community development organizations serving the Twin Cities.

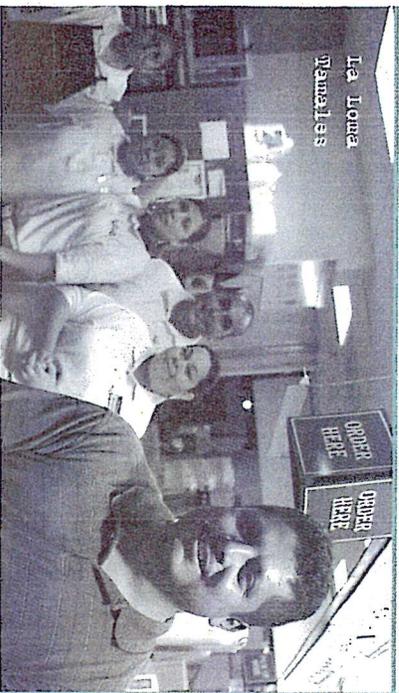


"You are an informed, straight-forward business mentor and I am honored to have you in my corner."

Mary Reec
Owner of Cheveux Supplies and Salon - Bloomington

For more information or to get started, contact Rob Smolund at (612) 789-7337 ext. 11, or rsmolund@mccdminn.org

www.mccdminn.org



MCCD's Micro Loan Program works!

"We had the idea of how to start our dream business but putting together all the pieces, especially the financials or how to present them were missing. I believe meeting with MCCD was the first success of our business."

Hussein Abdullahi
Store Manager - Global Pharmacy

"Without MCCD's help our business would not have been possible. More than an organization that provided loans, MCCD is a financial partner in our business."

Noelia Garcia,
La Loma Tamales, LLC

"I just want to thank MCCD. Without their help in obtaining financing we wouldn't have been able to purchase our building and expand our business to the level it is at today. They made such a difference for us."

Mark Aune
A&A Millwork, Inc

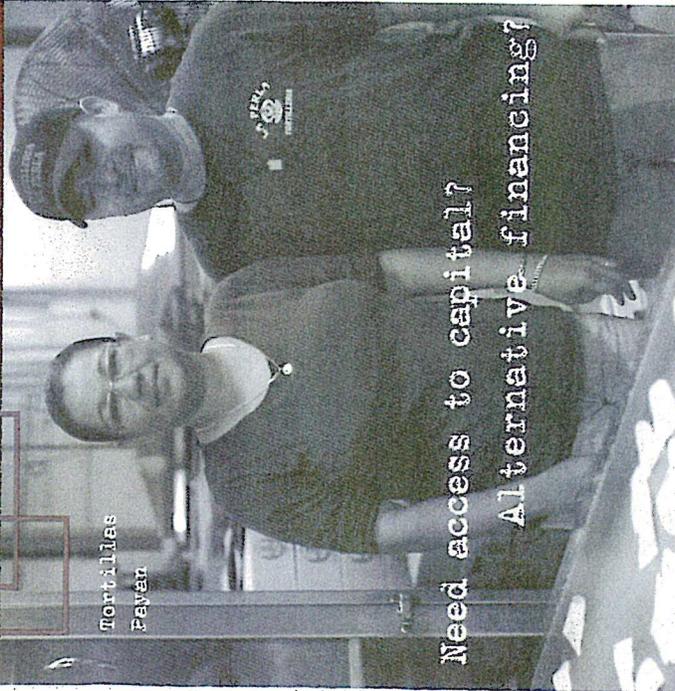


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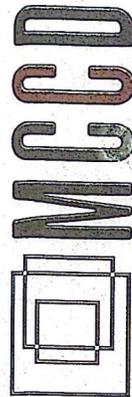
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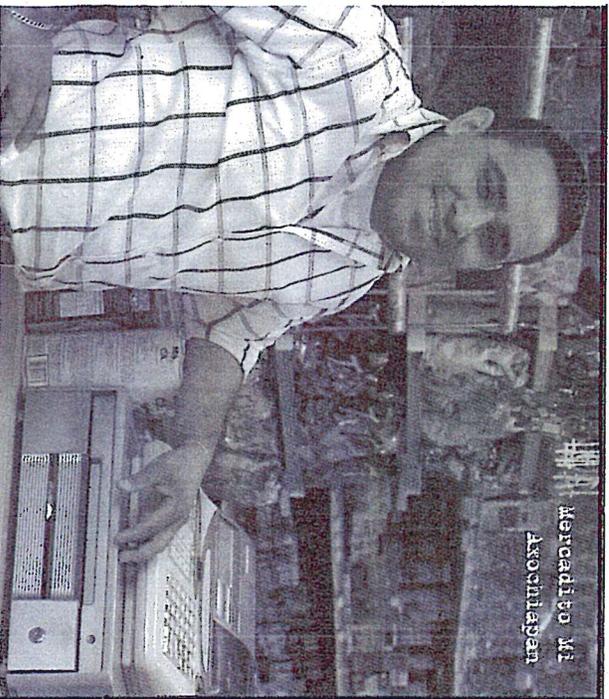
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Develop sound financial projections

Access traditional & non-traditional capital

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We help you answer the following questions:

- How much do I need to borrow?
- Would a term loan or a line of credit work best for me?
- How can I finance this business with very little equity and poor credit?
- Why does keeping good financial records help ensure my success?
- What other funding sources are available to me?
- What if I my start up expenses are more than I projected?

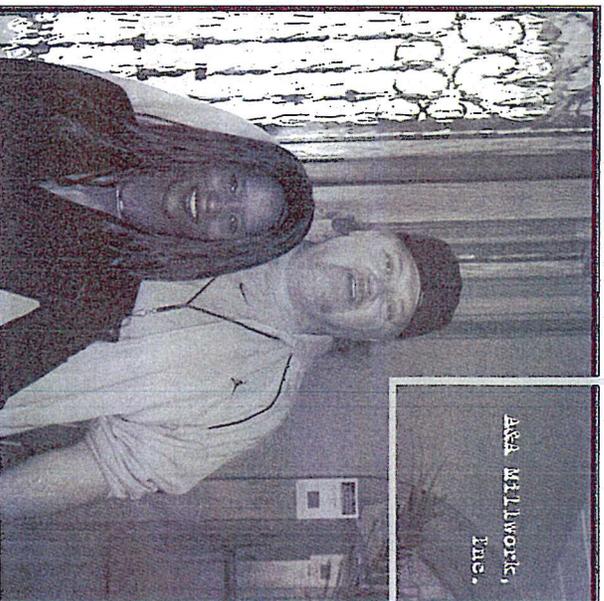
MCCD Loan Program

Direct MCCD loans range up to \$25,000. Larger loans are available when MCCD partners with a local bank to provide financing. Loan repayment terms on direct loans of up to \$25,000 generally range from three to five years.

MCCD provides business consulting services that help you develop a strong business plan.

Our services are available to all businesses located in the Twin Cities Metropolitan Area. Loan terms and availability may vary based on business type and location.

The Metropolitan Consortium of Community Developers (MCCD) is an association of nonprofit community development organizations working to increase opportunity and prosperity in the Twin Cities metropolitan area.



your
potential

you...
grow

fund

equip

construct

expa

renovate

acquire

purchase

City of Brooklyn Park
Economic Development
5200 85th Ave. N., Brooklyn Park, MN 55443-4301



Small
Business
financing

to unlock

the key...

Helping

City of Brooklyn Park
Economic Development



Option Option Option Other Resource

MCCD Micro Loan

Micro loans through Metropolitan Consortium of Community Developers (MCCD) are designed to leverage other financing programs as well as private financing provided by the commercial banking community.

Loan Summary:

- Up to \$50,000, with 50% MCCD participation
- Project must be for a "for-profit," complimentary business located in Brooklyn Park
- Eligible loans used for working capital, inventory, equipment and general operations
- Loan interest rate is fixed at 10%
- Loan repayment terms generally range 3-5 years

For more information, contact Rob Smolund at 612-789-7337 ext 11, or email him at rsmolund@mccd.mn.org.

Brooklyn Park Loan Guarantee Program

The loan guarantee program allows business owners to access additional capital by providing guarantees for loans made by lenders. Brooklyn Park Development Corporation will issue a guarantee to your lender which will enable you to obtain the amount of money you need. To qualify, your annual business sales must be \$5 million or less.

What kind of loans are eligible?

- Real estate
- Machinery and equipment
- Fixtures and furnishings
- Inventory
- Working capital
- Lines of credit
- Startups

For more information, contact Amy Baldwin at 763-493-8058, or email her at amy.baldwin@brooklynpark.org.

Brooklyn Park Fixed Asset Loan Fund

These loans are administered by Central MN Development Company (CMDIC) and are designed to leverage other financing programs as well as private financing provided by the commercial banking community.

Loan Summary:

- Loan Amounts \$100,000—\$250,000
- Project must be for a "for-profit," complimentary business located in Brooklyn Park
- Eligible loans used for fixed assets, including land, building, machinery and equipment (no working capital)
- Loan interest rate is fixed at market rate
- Loan terms are equal with the life of the asset
- At least 50% of the project financing must come from a private lender or another source

For more information, contact Amy Baldwin at 763-493-8058, or email her at amy.baldwin@brooklynpark.org.

Financial

The Hennepin County Common Bond Fund

is for growing manufacturing companies. Local government agencies issue tax-exempt or taxable revenue bonds on behalf of private borrowers to provide lower interest rates on long-term financing. Learn more at www.co.hennepin.mn.us.

Small Business

The Small Business Development Center offers free consulting, assistance with strategic business plans, market research, financial planning and analysis, loan packaging and cash flow management. Learn more at www.sthomas.edu/sbdc.

The Service Corp of Retired Executives (SCORE) provides free one-on-one counseling and low-cost workshops in key subject areas critical to small business success. Learn more at www.score-minneapolis.org.

To learn more about these options, please contact Amy Baldwin at 763-493-8058 or amy.baldwin@brooklynpark.org



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ARTHUR GILLEN
1919-2005
•
• ROGER C. MILLER
1924-2009

MEMO

*ALSO ADMITTED IN WISCONSIN
◦ALSO ADMITTED IN NORTH DAKOTA
◻ALSO ADMITTED IN MASSACHUSETTS
◻ALSO ADMITTED IN OKLAHOMA

TO: Tom Link, Executive Director of EDA
FROM: Timothy J. Kuntz & Korine L. Land, City Attorney's Office
DATE: January 10, 2012
RE: Data Practices Application to the EDA

The Inver Grove Heights Economic Development Authority (“EDA”) anticipates granting small business loans, forgivable loans, grants, or other forms of financial assistance to promote economic development. To that end, businesses may submit financial information to the EDA that is not typically available to the general public, in order to allow the EDA to make an informed decision.

“Government data” means all data collected, created, received, maintained or disseminated by any government entity regardless of its physical form, storage media or conditions of use.¹ The Minnesota Government Data Practices Act (“Data Practices Act”) controls the public’s access to government data. Generally speaking, all government data are public unless otherwise classified.²

QUESTIONS PRESENTED:

1. According to the Data Practices Act, what is the classification of financial data that is submitted to the EDA from a business seeking financial assistance?
2. At some point in the process of the application, does the classification of the data change?
3. If financial information is reviewed by an outside consultant, and the EDA does not retain any of the financial data, does the Data Practices Act apply?

¹ Minn. Stat. §13.02 subd. 7.

² Minn. Stat. §13.03 subd. 1.

RESPONSES:

1. What is the classification of financial data that is submitted to the EDA from a business seeking financial assistance, pursuant to the Data Practices Act?

Upon submission to the EDA, specific financial data outlined in the statute are not public. The Data Practices Act classifies Business Data as follows:

“Subd. 1. Not public data when benefit requested. The following data, that are submitted to a government entity by a business requesting financial assistance or a benefit financed by public funds, are private or nonpublic data:

- Credit reports
- Financial statements
- Net worth calculations
- Business plans
- Income and expense projections
- Balance sheets
- Customer lists
- Income tax returns
- Design, market and feasibility studies not paid for with public funds.”³

If the financial data submitted is one of the above-mentioned types of business data, then the data is not public data and cannot be released or disseminated during the submission and evaluation stages of the process.

2. At some point in the process of the application, does the classification of the data change?

Yes, some of the data changes its classification at the point that the financial assistance is awarded. However, some of the data retains its private or nonpublic classification. The list changes as follows:

- Credit reports → **public**
- Financial statements → **public**
- Net worth calculations → **public**
- Business plans → **remains not public**⁴
- Income and expense projections → **remains not public if unrelated to the assistance provided**

³ Minn. Stat. §13.591 subd. 1.

⁴ In a Minnesota Department of Administration Advisory Opinion, the Commissioner of Administration found that a request for the list of owners of a company was not public data because it was contained *within* the business plan submitted as part of the request for assistance. Advisory Op. 09-009.

- Balance sheets → public
- Customer lists → remains not public
- Income tax returns → remains not public
- Design, market and feasibility studies not paid for with public funds → remains not public.⁵

A careful review of each type of financial data will determine whether or not the data becomes public after the award is made. If no award is made for financial assistance, then the data retains its original classification as private or nonpublic.

3. If financial information is reviewed by an outside consultant, and the EDA does not retain any of the financial data, does the Data Practices Act apply?

Yes, the Data Practices Act still applies. The Data Practices Act provides the following guidelines regarding the contracting of city services to private entities:

“If a government entity enters into a contract with a private person to perform any of its functions, the government entity shall include in the contract terms that make it clear that all of the data created, collected, received, stored, used, maintained, or disseminated by the private person in performing those functions is subject to the requirements of this chapter and that the private person must comply with those requirements as if it were a government entity....”⁶

A recent Minnesota Department of Administration Advisory Opinion addressed this situation.⁷ In an effort to retain the nonpublic classification of financial information submitted by a business, the City of Sauk Rapids did not actually collect or maintain any financial information about the company who was requesting a \$500,000 forgivable loan. Instead, the city’s financial consultant travelled to the company’s offices and viewed the company’s financial information on-site. The financial consultant did not make any copies or take any original financial documents out of the company’s business offices. The financial consultant then made a recommendation to the City, who relied on the recommendation and granted the financial assistance. When the local newspaper made a data practices request for the company’s financial information, the City denied the request based on the fact that it had no documents in its possession.

The Commissioner of Administration determined that by handling the company’s financial information in this manner, the city not only violated the Data Practices Act, but two other laws as well, including the city’s requirement to retain records pursuant to its data retention schedule⁸ and the requirement that government entities create records documenting their official activities.⁹

The Commissioner found the city to be in violation of the following acts:

⁵ Minn. Stat. §13.591 subd. 2.

⁶ Minn. Stat. §13.05 subd. 11.

⁷ Advisory Op. 11-016.

⁸ Minn. Stat. §138.17.

⁹ Minn. Stat. §15.17.

- Verifying the company's financial viability before granting the forgivable loan was an official activity, requiring a record;
- Once there was a record, the city was required to keep the data pursuant to its retention schedule;
- The city should have provided the newspaper with access to the public financial documents that were reviewed in consideration of granting the forgivable loan.¹⁰

In order to avoid this situation, the EDA should confirm that either the financial consultant or the EDA is maintaining copies of the financial data, which can then be evaluated to determine the public or nonpublic status of the data.

There is one additional question we would like to address:

4. Can private or nonpublic data be discussed at an open meeting?

Yes, private or nonpublic data can be discussed at an open meeting. The EDA may need to review and consider private or nonpublic financial data in order to evaluate the request for financial assistance. Unfortunately, the Open Meeting Law does not provide a closed meeting exception to discuss private or nonpublic data. Instead, the Open Meeting Law actually provides that private or nonpublic data may be discussed at an open meeting if it relates to a matter within the scope of the public body's authority and the data is reasonably necessary to conduct the business before the public body.¹¹ Since approving financial assistance is within the EDA's authority and it will be necessary to evaluate the data in order to make a decision, the EDA will likely have to discuss private or nonpublic data at an open meeting. Caution should be taken to assure that the data is not disseminated to the public at the meeting and does not become part of the EDA's packet.

¹⁰Advisory Op. 11-016.

¹¹ Minn. Stat. §13D.05 subd. 1(b).

PROGRESS PLUS

Urban-Alternative Space Available

Inver Grove Heights 2012 WORK PLAN

Draft 1-17-12

Economic Development Authority

- Provide support to Community Development Director in researching and preparing information for the EDA, including developing financing tools and EDA marketing activities
- Serve as a resource and provide research as needed
- Attend quarterly EDA meetings
- Market the financing options available and offer prequalification assistance to interested developers/businesses.

Measure: Meet monthly with Community Development Director

Concord Redevelopment Planning (From South St. Paul border to 70th street)

- Assist with tasks associated with redevelopment planning and implementation
- Assist with gathering business input for plan, including working with Concord Boulevard business group
- Assist in marketing the site(s) as directed

Measure: Meet monthly with Community Development Director to assess progress and agree on tasks

Establish, maintain, share and analyze database information, including:

- Demographics
- Labor supply
- Utility providers, including availability and rates
- Land availability – location, size, owner, broker, asking price
- Building availability – size, description, owner, broker, asking price
- List of businesses in IGH (by industry if possible) as requested

Measure: Provide updated data set by May 1, 2012

Inquiries

Respond to inquiries from business and industries searching for land or buildings for new construction or expansion

Measure: Provide monthly written report via Progress Plus Activity Report

Business Retention Program (list provided by Tom Link)

- Schedule ten desired retention visits that include the Community Development Director
- Visit other existing businesses to gather information on the business climate in IGH
- Report visits to GrowMN, a statewide retention program in order to qualify for the rfp/lead program.
- Assist existing businesses with expansion, relocation, land purchase, building leasing and construction
- Assist businesses in understanding City process, purpose and function in development/redevelopment
- Assist in promoting Business Town Hall meeting
- Provide report on issues or requests raised by businesses related to City services, including feedback when no issues are raised

Measure: Include Community Development Director in 10 visits and provide report on visits and specific requests for follow-up

Marketing

- Provide supply of Progress Plus brochures featuring IGH to City
- IGH information and sites on Progress Plus website
- IGH information in monthly e-newsletter and distribution to nearly 650 brokers and developers and continue to expand its reach
- Promotion of IGH at annual Progress Plus meeting attended by approximately 100 business leaders
- IGH information in editorials and ads in publications, including ad and editorial copy in the SouthWest Review Progress Edition; ad in the Resource Guide distributed to all residents and businesses and in links to partner organizations
- IGH promotional material, such as brochures and developer informational
- Promotion of IGH at two conferences/events for brokers and developer each year,
- Celebrate grand opening of new Argenta Hills/Target to draw attention to opportunities
- Produce an IGH centered broker tour/event and additionally include IGH in exhibition/sponsorship of annual Minnesota Commercial Realtors Association (MNCAR) EXPO

Measure: Provide monthly written report

5C

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development *ML*

DATE: January 19, 2012 for EDA Meeting of February 6, 2012

SUBJECT: 2012 EDA Work Plan

1. ACTION REQUESTED: The Economic Development Authority (EDA) is to identify issues that it would like to focus on this year.

2. BACKGROUND: In 2011, the EDA Work Plan had four items, as follows:

- Acquisition Policy – This policy was completed with the EDA's adoption of the policy in November.
- Small Business Loan Program – This program was discussed at each of its meetings last year and is still being worked on.
- Progress Plus Marketing Program – The EDA reviewed this program and found that no further action was necessary.
- EDA Financing - This activity will look at how surrounding cities finance their EDA activities. This project has not yet been started.

3. ANALYSIS: Staff proposes the following Work Plan for 2011, in order of priority:

- Excess Golf Course Property – This issue arose in the middle of 2011. It involves the EDA's acquisition of excess golf course property with the intent of, at some future undetermined time, selling it for development. This project probably will take another couple months to complete.
- Small Business Loan Program – Continue to work on establishing the program
- EDA Financing/Structure- Carry forward this 2011 project. It could also be expanded to look at how other cities' EDAs are structured.
- Gun Club Site – The City and Minnesota Department of Transportation (MNDOT) have been working on the City acquiring the property for future office development. Recent and current efforts focus on environmental investigation because of contamination by lead shot and clay pigeons. The environmental investigation will continue and hopefully lead to acquisition, marketing, and development. Progress on this issue is highly dependent on the efforts of MNDOT.

4. RECOMMENDATION: Staff is requesting direction from the EDA regarding the 2012 Work Plan.

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus

REVISED



INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY AGENDA MONDAY, FEBRUARY 6, 2012 6:00 P.M.

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **CONSENT AGENDA** – All items on the Consent Agenda are considered routine and have been made available to the Economic Development Authority at least two days prior to the meeting; the items will be enacted in one motion. There will be no separate discussion of these items unless a Boardmember or citizen so requests, in which event the item will be removed from this Agenda and considered in normal sequence.

A. Minutes – November 7, 2011 Regular Economic Development Authority Meeting

B. Claims

4. **PUBLIC HEARING**

A. Excess Golf Course Properties

1. Resolution Regarding Development Districts

2. Resolution Regarding Purchase Agreement and Taxable Revenue Note

5. **REGULAR AGENDA**

A. Small Business Loan Program

B. Progress Plus Update

C. 2012 Work Plan

D. Gun Club Site Update

5. **ELECTION OF OFFICERS**

6. **NEXT MEETING**

7. **ADJOURN**

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development 

DATE: February 1, 2012 for EDA Meeting of February 6, 2012

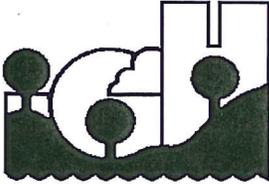
SUBJECT: Economic Authority's Acquisition of Excess Golf Course Properties

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to 1) hold a public hearing on the creation of two economic development districts, 2) consider a resolution creating two economic development districts, and 3) consider a resolution approving a purchase agreement and authorizing the issuance of a taxable revenue note.
2. **BACKGROUND:** Information regarding the EDA's acquisition of the two excess golf course properties was included in the EDA packet of January 20. Since that time, staff and consultants have refined and clarified how the acquisition would be funded. Enclosed is the following supplemental information:
 - Revised agenda - The revisions include the removal of the transfer of funds, since this was addressed when the City budget was approved, and the addition of the taxable revenue note.
 - Memo from City Administrator Joe Lynch regarding funding of the acquisition
 - Resolution regarding the creation of development districts, prepared by City Bond Counsel Steve Bubul
 - Revised resolution regarding the purchase agreement and the revenue note, prepared by City Attorney Tim Kuntz and City Bond Counsel Steve Bubul. The revisions add language regarding the revenue note.
 - Revised purchase agreement, as prepared by City Attorney Tim Kuntz. The revisions are primarily to Section 2 and reflect how the purchase price will be repaid.
 - Revenue note, prepared by City Bond Counsel Steve Bubul
 - Opinion from City Bond Counsel Steve Bubul regarding the City's appropriation of funds for the EDA
 - Opinion from City Bond Counsel Steve Bubul regarding the City's authority to convey property for less than fair market value
3. **CONCLUSION:** Staff recommends approval of the resolution creating the economic development districts and the resolution approving the purchase agreement and revenue

note. Staff finds the EDA's acquisition of the excess golf course properties offers the following benefits:

- Improves the golf course's financial position by eliminating its debt and making the golf course more cost competitive
- Provides the EDA, the most appropriate entity for fostering development of property, with an asset
- Promotes the City's economic development by eventually converting unused property to a use that will take full advantage of the golf course amenity and increase the City's tax base

cc: Tim Kuntz, City Attorney
Steve Bubul, Kennedy Graven
Steve Apfelbacher, Ehlers
Eric Carlson, Park and Recreation Director
All McMurchie, Golf Course Manager



CITY OF INVER GROVE HEIGHTS

MEMORANDUM

TO: Economic Development Authority

FROM: Joe Lynch, City Administrator

SUBJECT: Golf Course excess property sale

DATE: January 19, 2012

Background:

An Operational Audit was performed for the Inverwood Golf course at the direction of the City Council. A part of that Audit recommended that the City consider easing the burden of the operational expenses of the course, which includes making the debt service payment for the acquisition of the land and construction of the course. This annual payment has placed the course at a disadvantage in competing in the very tight golf market today. Operationally the course is able to break even with normal expenses, but adding the burden of the debt service payment has put the Golf Course Fund in a deficit position.

The EDA has heard from the Executive Director on the potential for the sale of the excess Golf Course property and directed that several steps be taken toward that end; appraisal of the property (twice in the last three years), estimates of the costs for installation of utilities to the site(s), creation of a Development District required to establish the ability to sell the property and allow proceeds to be given back to the EDA and finally, a review by the Planning Commission for consistency with the Comprehensive Plan and the Park & Recreation Commission for consistency with the future parkland development plan.

Recommendation

At this time I would like to recommend that the EDA purchase the excess Golf Course property and would advise the following on the funding sources and return of funds upon sale of the property to a private third party.

Funding Sources

The **Host Community Fund** will advance to the EDA, \$1,000,000 toward the purchase of this property. This amount is to be returned to this Fund upon sale of the property for this amount, at a minimum. No interest should be charged to the EDA for the loan of this money. A ten (10) year time period should be established by which the property should be sold. If not, the council can decide after that point in time, if the property sells, where the funds should be returned.

The EDA should advance the remaining balance of \$352,000, which should be the amount left to defease the bonds. This amount is from monies given from the Host Community Fund in the 2011 and 2012 budgets to help establish a fund balance and allow the EDA to complete some of the specific goals, such as the Small Business Loan Program. This amount should be returned to the EDA upon the sale of the property. If the EDA chooses to sell the property for less than the full amount, any amount over the \$1,000,000 should be returned to the EDA. If the sale of the property exceeds \$1,352,000 the Council will determine where the proceeds should go. They can choose to give any amount over that to the EDA, to the Golf Course or have it go into the General Fund.

CITY OF INVER GROVE HEIGHTS ECONCOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO.

RESOLUTION APPROVING CREATION OF
ECONOMIC DEVELOPMENT DISTRICT NOS. 1 AND 2

BE IT RESOLVED By the Board of Commissioners ("Board") of the City of Inver Grove Heights Economic Development Authority (the "Authority") as follows:

Section 1. Recitals.

1.01. Under Minnesota Statutes, Sections 469.101 to 469.108. (the "EDA Act"), and specifically Section 469.101, subd. 1 thereof, the Authority is authorized to create and define the boundaries of economic development districts at any place or places within the City of Inver Grove Heights, the "City").

1.02. Within the boundaries of such economic development districts, the Authority may exercise any of the powers under the EDA Act.

1.03. The Authority has determined a need to establish Economic Development District No. 1 and Economic Development District No. 2 (together, the "Districts") in order to carry out foster the development of those areas pursuant to the EDA Act.

1.04. On this date, the Authority has held a duly-noticed public hearing regarding the creation of the Districts, at which all persons were given an opportunity to comment.

Section 2. Districts Adopted; Further Proceedings.

2.01. The Authority hereby finds that is proper and desirable to establish and develop the Districts.

2.02. The boundaries of the Districts are described in Exhibit A hereto, which is incorporated by reference.

2.03. Authority staff and consultants are authorized to take all actions necessary to carry out development of the Districts in accordance with the EDA Act.

Approved by the Board of Commissioners of the City of Inver Grove Heights Economic Development Authority this 6th day of February, 2012.

President

Attest:

Executive Director

DISRTRICT BOUNDARIES

ECONONOMIC DEVELOPMENT DISTRICT NO. 1

All that part of the North Half of the Northeast Quarter of Section 8, Township 27, Range 22, Dakota County, Minnesota, lying Westerly of Babcock Trail (aka German Road) and lying Northeasterly of the centerline of 70th Street East as depicted on Dakota County Right of Way Map No.124 recorded as Document No.1029051.

Abstract Property.

Subject to roadway easement and other easements of record.

ECONONOMIC DEVELOPMENT DISTRICT NO. 2

That part of the South Half of the Southeast Quarter of Section 5 and that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet to the point of beginning of the parcel to be described; thence continuing South 89 degrees 46 minutes 10 seconds East 834.38 feet; thence North 00 degrees 13 minutes 50 seconds East 41.25 feet; thence South 89 degrees 46 minutes 10 seconds East 97.92 feet; thence South 03 degrees 48 minutes 38 seconds East 594.27 feet; thence South 83 degrees 15 minutes 06 seconds West 358.76 feet; thence North 00 degrees 28 minutes 53 seconds West 155.00 feet; thence North 89 degrees 46 minutes 10 seconds West 320.00 feet; thence North 15 degrees 59 minutes 15 seconds West 59.39 feet; thence North 89 degrees 46 minutes 10 seconds West 280.00 feet; thence North 00 degrees 13 minutes 50 seconds East 383.12 feet to the point of beginning.

Subject to an easement for sewer drainfield purposes over, under and across, that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, bounded by a line described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet; thence continuing South 89 degrees 46 minutes 10 seconds East 610.68 feet; thence South 00 degrees 28 minutes 53 seconds East 440.18 feet; thence North 89 degrees 46 minutes 10 seconds West 11.86 feet to the point of beginning of the line to be described; thence continuing North 89 degrees 46 minutes 10 seconds West 124.83 feet; thence North 26 degrees 48 minutes 44 seconds West 38.82 feet; thence North 10 degrees 42 minutes 37 seconds East 187.23 feet; thence South 85 degrees 23 minutes 36 seconds East 63.95 feet; thence South 13 degrees 56 minutes 21 seconds East 60.86 feet; thence South 25 degrees 59 minutes 57 seconds East 64.60 feet; thence South 00 degrees 28 minutes 53 seconds East 96.85 feet to the point of beginning.

Subject to roadway and other easements of record.

**CITY OF INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION APPROVING A PURCHASE AGREEMENT BETWEEN THE CITY OF
INVER GROVE HEIGHTS AND THE CITY OF INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY RELATING TO THE SALE OF EXCESS
PROPERTY OWNED BY THE CITY OF INVER GROVE HEIGHTS LOCATED ON A
PORTION OF THE INVERWOOD GOLF COURSE PROPERTY; AND
AUTHORIZING ISSUANCE OF
TAXABLE REVENUE NOTE (GOLF COURSE PROPERTY) SERIES 2012**

WHEREAS, the City of Inver Grove Heights (City) owns the real property described on the attached Exhibit A (Real Property).

WHEREAS, the City of Inver Grove Heights Economic Development Authority (EDA) desires to purchase the Real Property in order to promote economic development.

WHEREAS, pursuant to Minnesota Statutes § 469.101, the EDA has created Economic Development District Nos. 1 and 2 (together, the Districts) with respect to the Real Property to allow the EDA to purchase the Real Property.

WHEREAS, pursuant to Minnesota Statutes § 469.101, the EDA has the power and authority to purchase the Real Property for economic development within the Districts.

WHEREAS, sale by the City of the Real Property to the EDA is authorized by Minnesota Statutes § 465.035.

WHEREAS, the City of Inver Grove Heights Planning Commission, pursuant to Minnesota Statutes § 462.356, Subd. 2 has found that sale by the City of the Real Property to the EDA is consistent with the City's Comprehensive Municipal Plan.

WHEREAS, under Minnesota Statutes, Section 469.103 the EDA is also authorized issue revenue bonds to (among other things) acquire land for economic development.

WHEREAS, as part of consideration for conveyance of the Real Property from City to EDA, agrees to issue to the City the EDA's \$1,000,000 Taxable Revenue Note (Golf Course Property) Series 2012 (the Note), secured by net revenues from sale by the EDA of the Real Property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Inver Grove Heights Economic Development Authority (EDA):

1. The Board of Commissioners of the EDA hereby approves the attached purchase agreement (the Purchase Agreement) with the City of Inver Grove Heights for the Real Property, which Purchase Agreement provides for conveyance of the Real Property to the EDA for a purchase price of \$1,352,000.00.
2. The Board further approves issuance of the Note to the City in substantially the form attached to the Purchase Agreement, to be delivered at the time and subject to the conditions set forth in the Purchase Agreement.
3. The President and Executive Director of the EDA are authorized to sign the Note referenced in the attached Purchase Agreement and all other closing documents that are required of the EDA or City.
4. The Board of Commissioners of the EDA hereby determines that purchase of the Real Property by the EDA will promote economic development.

Adopted by the Board of Commissioners of the City of Inver Grove Heights Economic Development Authority this 6th day of February, 2012.

George Tourville, President

ATTEST:

Kim Fox, Secretary

EXHIBIT A
LEGAL DESCRIPTION OF REAL PROPERTY

PARCEL 1:

All that part of the North Half of the Northeast Quarter of Section 8, Township 27, Range 22, Dakota County, Minnesota, lying Westerly of Babcock Trail (aka German Road) and lying Northeasterly of the centerline of 70th Street East as depicted on Dakota County Right of Way Map No. 124 recorded as Document No. 1029051.

Abstract Property.

Subject to roadway easement and other easements of record.

PARCEL 2:

That part of the South Half of the Southeast Quarter of Section 5 and that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet to the point of beginning of the parcel to be described; thence continuing South 89 degrees 46 minutes 10 seconds East 834.38 feet; thence North 00 degrees 13 minutes 50 seconds East 41.25 feet; thence South 89 degrees 46 minutes 10 seconds East 97.92 feet; thence South 03 degrees 48 minutes 38 seconds East 594.27 feet; thence South 83 degrees 15 minutes 06 seconds West 358.76 feet; thence North 00 degrees 28 minutes 53 seconds West 155.00 feet; thence North 89 degrees 46 minutes 10 seconds West 320.00 feet; thence North 15 degrees 59 minutes 15 seconds West 59.39 feet; thence North 89 degrees 46 minutes 10 seconds West 280.00 feet; thence North 00 degrees 13 minutes 50 seconds East 383.12 feet to the point of beginning.

Subject to an easement for sewer drainfield purposes over, under and across, that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, bounded by a line described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet; thence continuing South 89 degrees 46 minutes 10 seconds East 610.68 feet; thence South 00 degrees 28 minutes 53 seconds East 440.18 feet; thence North 89 degrees 46 minutes 10 seconds West 11.86 feet to the point of beginning of the line to be described; thence continuing North 89 degrees 46 minutes 10 seconds West 124.83 feet; thence North 26 degrees 48 minutes 44 seconds West 38.82 feet; thence North 10 degrees 42

minutes 37 seconds East 187.23 feet; thence South 85 degrees 23 minutes 36 seconds East 63.95 feet; thence South 13 degrees 56 minutes 21 seconds East 60.86 feet; thence South 25 degrees 59 minutes 57 seconds East 64.60 feet; thence South 00 degrees 28 minutes 53 seconds East 96.85 feet to the point of beginning.

Subject to roadway and other easements of record.

**PURCHASE AGREEMENT
FOR
INVERWOOD GOLF COURSE EXCESS PROPERTY**

SELLER:

City of Inver Grove Heights
8150 Barbara Avenue
Inver Grove Heights, MN 55077

BUYER:

City of Inver Grove Heights
Economic Development Authority
8150 Barbara Avenue
Inver Grove Heights, MN 55077

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made this 13th day of February, 2012, by and between Seller and Buyer as hereafter defined. Subject to the performance by the Buyer of the provisions and conditions hereinafter set forth, Seller in consideration of the Purchase Price to be paid as hereinafter provided agrees to sell and convey to Buyer and Buyer agrees to purchase the Real Property. Subject to the covenants, warranties, representations and mutual consideration herein contained, the parties hereby agree as follows:

Section 1. DEFINITIONS.

1.1 TERMS. The following terms, unless elsewhere defined specifically in this Agreement, shall have the following meanings as set forth below.

1.2 BUYER. Buyer shall mean the City of Inver Grove Heights Economic Development Authority, an economic development authority established under Minnesota Statutes, § 469.090 to 469.1081.

1.3 SELLER. Seller shall mean the City of Inver Grove Heights, a Minnesota municipal corporation.

1.4 CLOSING DATE. Closing Date shall mean March 30, 2012, at 10:00 a.m.

1.5 CLOSING DOCUMENTS. Closing Documents shall mean and comprise the following to be provided by Seller:

- a.) A Warranty Deed for the Real Property to be signed by Seller.
- b.) An affidavit by Seller of no judgments, no tax liens and no unrecorded interests, which shall include a statement that there has been no labor or materials furnished for which mechanic's liens can be filed.
- c.) Satisfaction of any liens and mortgages on the Real Property.
- d.) All other documents affecting title to and possession of the Real Property and necessary to transfer or assign the same to Buyer.

1.6 CLOSING LOCATION. Closing Location shall mean the offices of the City of Inver Grove Heights at 8150 Barbara Avenue, Inver Grove Heights, Minnesota 55077, or at such other location as the parties may agree in writing.

1.7 CONDITIONS PRECEDENT TO CLOSING BY Seller. Conditions Precedent To Closing by Seller shall mean the following:

- a.) **ACCURACY OF REPRESENTATIONS.** The representations, warranties, covenants and agreements of Buyer contained in this Agreement or in any written statement memorandum or exhibit that shall be delivered pursuant to this Agreement shall be true in all respects at and as of the Closing Date as though such representations, warranties, covenants and agreements were made at and of the Closing Date.
- b.) **PERFORMANCE.** The Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing Date.
- c.) **ABSENCE OF LITIGATION.** No action or proceeding by or before any court or other governmental body shall have been instituted or threatened pertaining to any transaction contemplated by this Agreement or its consummation or the transfer or sale of the Real Property.
- d.) **APPROVAL OF DOCUMENTS.** Other than documents the form of which are specified in exhibits hereto, the form and substance of all certificates, instruments, opinions and other documents delivered by one party to another under this Agreement shall be satisfactory in all reasonable respect to the party to receive the document and its counsel.

1.8 CONDITIONS PRECEDENT TO CLOSING BY BUYER. Conditions Precedent To Closing by Buyer shall mean the following:

- a.) **ACCURACY OF REPRESENTATIONS.** The representations, warranties, covenants and agreements of Seller contained in this Agreement or in any written statement memorandum or exhibit that shall be delivered pursuant to this Agreement shall be true in all respects at and as of the Closing Date as though such representations, warranties, covenants and agreements were made at and of the Closing Date.
- b.) **PERFORMANCE.** Seller hereto shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing Date.
- c.) **ABSENCE OF LITIGATION.** No action or proceeding by or before any court or other governmental body shall have been instituted or threatened pertaining to any transaction contemplated by this Agreement or its consummation or the transfer or sale of the Real Property.

- d.) **APPROVAL DOCUMENTS.** Other than documents the form of which is specified in exhibits hereto, the form and substance of all certificates, instruments, opinions and other documents delivered by one party to another under this Agreement shall be satisfactory in all reasonable respect to the party to receive the document and its counsel.
- e.) **ACCEPTANCE BY BUYER.** An express condition precedent is that in Buyer's sole opinion and judgment, the following are found by Buyer to be satisfactory and acceptable to Buyer:
- 1) the recorded easements to which the Real Property is subject.
 - 2) the status of the encumbrances and the marketability of title with respect to the Real Property.
 - 3) an ALTA boundary survey for the Real Property.
 - 4) the status of any boundary line issues and any encroachments on the Real Property.

1.9 PERMITTED ENCUMBRANCES. Permitted Encumbrances shall mean and comprise the following:

- a.) building and zoning laws, ordinances, state and federal regulations;
- b.) utility, road and drainage easements which do not interfere with improvements to the premises; all such easements must be confined by a specific legal description for a specific width of the easement and such easements must not be "blanket" easements that encumber more area than needed for the specific easement purpose;
- c.) easements, restrictions and reservations of record, if any, that are satisfactory and acceptable to Buyer, in Buyer's sole judgment.

1.10 POSSESSION DATE. Possession Date shall mean Closing Date.

1.11 PURCHASE PRICE. Purchase Price shall mean the total sum of One Million, Three Hundred and Fifty Two Thousand Dollars (\$1,352,000.00) payable as stated in Section 2.

1.12 REAL PROPERTY. Real Property shall mean that certain real property located in the City of Inver Grove Heights, Dakota County, State of Minnesota, legally described on the attached **Exhibit A.**

The Real Property shall also include all of the right, title and interest of the owner of the property in and to any easements, rights of way, privileges, appurtenances, and right to the same belonging to or inuring to the benefit of the Real Property.

1.13 HAZARDOUS SUBSTANCE. Hazardous Substance means any of the following:

- a.) Any commercial chemical designated pursuant to the Federal Water Pollution Control Act, under United States Code, title 33, Section 1321(b)(2)(A);
- b.) Any hazardous air pollutant listed pursuant to the Clean Air Act, under United States Code, title 42, section 7412;
- c.) Any hazardous substance, pollutant or contaminant regulated under the Comprehensive Environmental Response Compensation and Liability Act as amended, 42 U.S.C. 9601 et. seq. (CERCLA); and hazardous substance, pollutant or contaminant regulated under similar Minnesota environmental laws;
- d.) Any hazardous waste under Minnesota laws;
- e.) Pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. Section 136 et. seq. (FIFRA);
- f.) Asbestos, polychlorinated biphenyls (PCBs), toxic substances, and other substances regulated under the Toxic Substances Control Act, as amended, 15 U.S.C. section 2601 et. seq. (TSCA);
- g.) Source material, special nuclear material, by product materials, any other radioactive materials or radioactive wastes however produced, regulated under the Atomic Energy Act, as amended, 42 U.S.C. section 2011 et. seq. or the Nuclear Waste Policy Act of 1982, as amended, 42 U.S.C. section 10101 et. seq.;
- h.) Industrial process and pollution control wastes, which are hazardous within the meaning of the Resource Conservation and Recovery Act, as amended 42 U.S.C. Section 6901 et. seq. (RCRA);
- i.) Any hazardous material under the Hazardous Materials Transportation Act, 49 USCS Appx. Section 1801 et. seq.;

- j.) Any hazardous material listed in Code of Federal Regulation Title 49, Section 172.101;
- k.) Any pollutant or contaminant as defined by 42 U.S.C. Section 9601.

1.14 RELEASE. Release means any spilling, leakage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment of any Waste, Hazardous Substance, Petroleum or pollutant or contaminant as defined by 42 U.S.C. Section 9601.

1.15 PETROLEUM. Petroleum means any of the following:

- a.) gasoline
- b.) fuel oil
- c.) kerosene
- d.) any petroleum distillate
- e.) any petroleum residual
- f.) diesel fuel
- g.) oil
- h.) ethanol.

1.16 CONSTRUCTION DEBRIS. Construction Debris means waste building materials, packaging, and rubble resulting from construction, remodeling, repair, and demolition of buildings and roads.

1.17 DEMOLITION DEBRIS. Demolition Debris means solid waste resulting from the demolition of buildings, roads, and other man-made structures including concrete, brick, bituminous concrete, untreated wood, masonry, glass, trees, rock, and plastic building parts.

1.18 INDUSTRIAL SOLID WASTE. Industrial Solid Waste means all solid waste generated from an industrial or manufacturing process and solid waste generated from nonmanufacturing activities such as service and commercial establishments.

1.19 MIXED MUNICIPAL SOLID WASTE. Mixed Municipal Solid Waste means garbage, refuse, and other solid waste from residential, commercial, industrial, and community activities that the generator of the waste aggregates for collection.

1.20 SOLID WASTE. Solid Waste means garbage, refuse, sludge from a water supply treatment plant or air contaminant treatment facility, and other discarded waste materials and sludges, in solid, semi-solid, liquid, or contained gaseous form, resulting from industrial, commercial, mining, and agricultural, operations, and from community activities, but does not include animal waste used as fertilizer.

1.21 **WASTE.** Waste means, jointly and severally, the following:

- a.) Hazardous Substances
- b.) Construction Debris
- c.) Demolition Debris
- d.) Industrial Solid Waste
- e.) Mixed Municipal Solid Waste
- f.) Solid Waste.

1.22 **SELLER'S WARRANTIES.** Seller's Warranties shall mean and comprise the following:

Seller represents and warrants to Buyer that:

- a.) **TITLE.** At Closing Date, Seller will have good and marketable title pursuant to the laws of the State of Minnesota to the Real Property to be conveyed hereunder. At Closing Date, the Real Property will not be subject to a contract or other agreement of sale and the Real Property will not be subject to security interests, judgments, pledges, mortgages, encumbrances, liens (including income, personal property and other tax liens) or off-sets, claims, reductions or charges of any kind or character.
- b.) **LITIGATION.** There is no suit, action, arbitration or legal, administrative or other proceeding or governmental investigation pending or, to the best knowledge of Seller, threatened, against or affecting Seller with respect to the Real Property.
- c.) **NO WASTE.** To Seller's best knowledge, the Real Property is free of Waste and Hazardous Substances. The Real Property is not subject to any "Super Fund" type liens or claims by governmental regulatory agencies or other third parties arising from the Release or threatened Release of Waste or Hazardous Substances in, on or about the subject Real Property. To Seller's best knowledge, the Real Property has not been used for the disposal of Waste or Hazardous Substances. To Seller's best knowledge, the Real Property has not been used in connection with the generation, storage, treatment or transportation of Waste or Hazardous Substances. To Seller's best knowledge, the soil and ground of the Real Property are free from any spills, deposits, contaminations or seepage of Waste and Hazardous Substances and free from any Release of any Waste and Hazardous Substances.
- d.) **NO PETROLEUM LEAKAGE.** With respect to Petroleum, natural gas, natural gas liquids, liquified natural gas, and synthetic gas usable for fuel or

mixtures thereof to Seller's best knowledge, the Real Property is free of such liquids, gases and substances and has not been used for the generation, treatment or disposal thereof. To Seller's best knowledge, the soil and ground of the Real Property are free from any spills, deposits, contamination or seepage thereof and free from any "Release" of any Petroleum.

Section 2. PURCHASE PRICE AND MANNER AND TIME OF PAYMENT.

Buyer, in consideration of the mutual promises and covenants herein contained, agrees to pay to the Seller for the Real Property the Purchase Price in the following manner and at the following times:

The amount of \$1,352,000.00 shall be paid by \$352,000 in cash or by certified check on the Closing Date and by execution and delivery on the Closing Date of a Revenue Note for \$1,000,000, a copy of which is attached hereto as **Exhibit B**.

Section 3. OBLIGATION TO PROVIDE A WARRANTY DEED. Subject to performance by the Buyer of the Agreement herein, the Seller agrees to execute and deliver a Warranty Deed to the Buyer agreeing conveying marketable title to the Real Property subject only to the Permitted Encumbrances. The Real Property shall be free of any lien, mortgage, charge or encumbrance or lease.

Section 4. REAL ESTATE TAXES. Seller shall pay all real estate taxes payable prior to the year of Closing, plus any penalty and interest. Seller does not make any representation concerning the amount of real estate taxes which will be assessed against the Real Property subsequent to the Closing Date.

With respect to real estate taxes payable in the year of Closing, the real estate taxes shall be pro-rated between Seller and Buyer with Seller's paying for the days before Closing and Buyer paying for the days after Closing. The Seller's share of taxes shall be an adjustment at Closing and credited to Buyer.

Section 5. SPECIAL ASSESSMENTS. Prior to or at closing, the Seller shall pay all special assessments against the Real Property, including those levied and pending as of the Closing Date and including the special assessment installment payable in the year of closing.

Section 6. PURCHASE OF PROPERTY "AS IS". It is agreed and understood that the Buyer will be inspecting the Real Property and that the Buyer will be purchasing the Real Property in its "AS IS" condition with no warranties or representations by the Seller as to the condition of the premises or any structures or improvements thereon, except as stated in the Seller's Warranties.

Section 7. CLOSING DATE AND POSSESSION DATE. Subject to performance

by the Buyer of this Agreement, the closing shall occur on the Closing Date and the Seller agrees to deliver possession not later than the Possession Date provided that all conditions of this Agreement have been met. The delivery of all papers, monies and matters relating to the closing shall take place at the Closing Location.

Section 8. DOCUMENTS TO BE FURNISHED BY SELLER. By February 17, 2012, the Seller shall furnish to the Buyer at the Seller's expense the following:

- a.) A title insurance commitment covering the Real Property and appurtenant easements, if any, in either case to include property searches covering bankruptcies, state and federal judgments and tax liens, evidencing the Seller's title to the property.
- b.) Within ten (10) days following the Buyer's receipt of the documents referred to above, the Buyer shall give the Seller written notice of any objections to the title of the Real Property.
- c.) If any objections are so made, the Seller shall be allowed ninety (90) days after receipt of such written objections to make such title marketable. The Seller further agrees to use all reasonable efforts and to expend such sums as may be reasonably necessary to make said title marketable in the event a defect is disclosed. Pending correction of title, the payments herein required shall be postponed but upon correction of title and within ten (10) days after written notice to the Buyer, the Buyer and the Seller shall perform this Agreement according to its terms.
- d.) If said title is not marketable and is not made so within ninety (90) days from the date of delivery of the written objections thereto as above provided, then Buyer shall have the right (a) to terminate this Agreement upon notice given to Seller or (b) to waive such objections and proceed with such purchase. If title to said property is marketable or is made marketable within said time, and Buyer shall default in any of the agreements herein contained, then and in such case, the Seller may terminate this Agreement, time being of the essence hereof or Seller may specifically enforce this Agreement.
- e.) This provision shall not deprive either party of the right of enforcing the specific performance of this Agreement, provided this Agreement is not terminated and provided that action to enforce specific performance is commenced within six (6) months after such right of action arises.

Section 9. WARRANTIES. Seller represents and warrants to Buyer all of the Seller's Warranties as defined in this Agreement. The Seller's Warranties shall survive the closing and shall not merge with the Closing Documents.

Section 10. CONDITIONS PRECEDENT. The obligations of Buyer to purchase the Real Property are subject to the satisfaction, at or before the Closing, of all the Conditions Precedent To Closing by Buyer. Buyer may waive any or all of the conditions which are included herein for its benefit in whole or in part without prior notice, provided, however, that no such waiver of a condition shall constitute a waiver by Buyer of any of its other rights or remedies, at law or in equity, if Seller shall be in default of any of his representations, covenants, indemnifications, warranties or agreements under this Agreement.

The obligations of Seller to sell Real Property are subject to the satisfaction, at or before the closing, of all the Conditions Precedent To Closing By Seller. Seller may waive any or all of the conditions which are included herein for his benefit in whole or in part without prior notice, provided, however, that no such waiver of a condition shall constitute a waiver by Seller of any of his other rights or remedies, at law or in equity, if Buyer shall be in default of any of its representations, warranties or agreements under this Agreement.

Section 11. CLOSING DOCUMENTS. Subject to performance by the Buyer, the Seller agrees to execute as necessary and deliver at the Closing Date the Closing Documents to be provided by Seller. Subject to performance by the Seller, the Buyer agrees to deliver at the Closing Date the Purchase Price recited in Section 2.

Section 12. SURVEY. Seller, at its own expense, has obtained an ALTA boundary survey of the Real Property. Seller shall deliver said survey to Buyer.

Section 13. ENVIRONMENTAL ASSESSMENT. Buyer, at its own expense, may obtain a Phase I environmental assessment of the Real Property. Seller agrees to cooperate in the preparation of the Phase I environmental assessment and to accurately respond to any questions and inquiries that are posed to Seller relating to preparation of Phase I environmental assessment. Seller agrees to make the Real Property available for on-site and field inspections.

Section 14. TITLE INSURANCE. Buyer intends to obtain a title insurance policy with respect to the Real Property. Buyer shall be obligated to pay for the title insurance policy up to a face value of the policy equal to the Purchase Price. Seller shall pay for the title insurance commitment.

Section 15. COSTS OF CLOSER. If at the Closing a closer is used by the title insurance company, then the costs for the closer shall be paid one-half (½) by Buyer and one-half (½) by Seller.

Section 16. STATE DEED TAX. At closing, Seller shall pay the state deed tax due on the Warranty Deed.

Section 17. MISCELLANEOUS.

- a.) The headings in this Agreement are for convenience only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof. It is understood and agreed that this Agreement has been made following negotiation by the parties and it is, therefore, not to be construed against any party because of draftsmanship.
- b.) All modifications to this Agreement must be in writing and signed by the parties hereto.
- c.) The parties hereto agree that all of their respective representations and warranties, wherever in this Agreement contained, shall survive the closing of this transaction and the delivery of consideration, and that all representations and warranties made herein and in any document delivered in connection herewith shall not merge with the warranty deed but shall survive said Closing Documents.
- d.) This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter of this Agreement and supersedes all prior arrangements and understandings between the parties hereto.
- e.) This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 18. NOTICES. Any notices hereunder shall be deemed sufficiently given by one party to the other if in writing and if and when delivered or tendered either in person or by depositing it in the United States mail in a sealed envelope, by certified mail, return receipt requested, with postage and postal charges prepaid, addressed as follows:

If to Buyer:
City of Inver Grove Heights
Economic Development Authority
c/o George Tourville, President
8150 Barbara Avenue
Inver Grove Heights, Minnesota 55077

If to Seller:
City of Inver Grove Heights
c/o Joe Lynch, City Administrator
8150 Barbara Avenue
Inver Grove Heights, Minnesota 55077

or to such other address as the party addressed shall have previously designated by notice given in accordance with this Section. Notices shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after

mailing if mailed as provided above, provided, that a notice not given as above shall, if it is in writing, be deemed given if and when actually received by a party.

Section 19. AMENDMENT AND WAIVER. The parties hereto may by mutual written agreement amend this Agreement in any respect. Any party hereto may extend the time for the performance of any of the obligations of another, waive any inaccuracies in representations by another contained in this Agreement or in any document delivered pursuant hereto which inaccuracies would otherwise constitute a breach of this Agreement, waive compliance by another with any of the covenants contained in this Agreement and performance of any obligations by the other or waive the fulfillment of any condition that is precedent to the performance by the party so waiving of any of its obligations under this Agreement. Any agreement on the part of any party for any such amendment, extension or waiver must be in writing. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

IN WITNESS WHEREOF, the parties have hereto executed this Purchase Agreement the day and year first above written.

**BUYER:
CITY OF INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY**

By: _____
George Tourville
Its President

By: _____
Tom Link
Its Executive Director

ATTEST:

Kim Fox, Secretary

**SELLER:
CITY OF INVER GROVE HEIGHTS**

By: _____
George Tourville
Its Mayor

ATTEST:

Melissa Rheaume, Deputy City Clerk

EXHIBIT A
LEGAL DESCRIPTION OF REAL PROPERTY

PARCEL 1:

All that part of the North Half of the Northeast Quarter of Section 8, Township 27, Range 22, Dakota County, Minnesota, lying Westerly of Babcock Trail (aka German Road) and lying Northeasterly of the centerline of 70th Street East as depicted on Dakota County Right of Way Map No. 124 recorded as Document No. 1029051.

Abstract Property.

Subject to roadway easement and other easements of record.

PARCEL 2:

That part of the South Half of the Southeast Quarter of Section 5 and that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet to the point of beginning of the parcel to be described; thence continuing South 89 degrees 46 minutes 10 seconds East 834.38 feet; thence North 00 degrees 13 minutes 50 seconds East 41.25 feet; thence South 89 degrees 46 minutes 10 seconds East 97.92 feet; thence South 03 degrees 48 minutes 38 seconds East 594.27 feet; thence South 83 degrees 15 minutes 06 seconds West 358.76 feet; thence North 00 degrees 28 minutes 53 seconds West 155.00 feet; thence North 89 degrees 46 minutes 10 seconds West 320.00 feet; thence North 15 degrees 59 minutes 15 seconds West 59.39 feet; thence North 89 degrees 46 minutes 10 seconds West 280.00 feet; thence North 00 degrees 13 minutes 50 seconds East 383.12 feet to the point of beginning.

Subject to and reserving to Grantor an easement for sewer drainfield purposes over, under and across, that part of the North Half of the Northeast Quarter of Section 8, all in Township 27, Range 22, Dakota County, Minnesota, bounded by a line described as follows:

Commencing at the North Quarter corner of said Section 8; thence South 89 degrees 46 minutes 10 seconds East, assumed bearing, along the north line of said Section 8 a distance of 300.00 feet; thence continuing South 89 degrees 46 minutes 10 seconds East 610.68 feet; thence South 00 degrees 28 minutes 53 seconds East 440.18 feet; thence North 89 degrees 46 minutes 10 seconds West 11.86 feet to the point of beginning of the line to be described; thence continuing North 89 degrees 46 minutes 10 seconds West 124.83 feet; thence North 26 degrees 48 minutes 44 seconds West 38.82 feet; thence North 10 degrees 42 minutes 37 seconds East 187.23 feet; thence South 85 degrees 23 minutes 36 seconds East 63.95 feet; thence South 13 degrees 56 minutes 21 seconds East 60.86 feet; thence South 25 degrees 59 minutes 57 seconds East 64.60 feet; thence South 00 degrees 28 minutes 53 seconds East 96.85 feet to the point of beginning.

Subject to roadway and other easements of record.

EXHIBIT B
REVENUE NOTE

[attach Revenue Note]

No. R-1

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF DAKOTA

\$1,000,000

CITY OF INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
TAXABLE REVENUE NOTE (GOLF COURSE PROPERTY)
SERIES 2012

<u> </u> Maturity Date	<u> </u> Date of Original Issue
March __, 2022	March __, 2012

Lender: City of Inver Grove Heights

The City of Inver Grove Heights Economic Development Authority, a duly organized and existing political subdivision of the State of Minnesota (the "Authority"), acknowledges itself to be indebted and for value received hereby promises to pay to the City of Inver Grove Heights (the "Lender") by such means and manner as the Lender may designate in writing, but solely from and to the extent of the revenues pledged hereunder, the principal sum of One Million Dollars (\$1,000,000), without interest thereon, payable at the times and subject to the terms hereinafter provided.

The principal and redemption price of this Note are payable in lawful money of the United States of America at the office of the Lender. At the written request of the Lender thereof, payment of any principal amount of this Note shall be made by wire transfer of immediately available funds to any bank in the continental United States designated by the Lender.

This Note is subject to redemption at the option of the Authority, in whole or in part, as the Authority may determine, on any date, at a redemption price equal to par. Thirty (30) days notice of prior redemption will be given by mail to the Lender.

This Note is subject to mandatory redemption on each date of closing on the sale by the Authority of any portion of the Property (as defined hereinafter) to any third party. On each such closing date, the Authority shall pay to the Lender a payment equal to the proceeds from sale of the relevant portion of the Property, net of all customary costs incurred by Authority in connection with such sale (including without limitation taxes, closing costs, attorney or other professional fees). Such net sale proceeds are referred to herein as "Net Revenues." Each payment of Net Revenues shall be credited as partial redemption of the outstanding principal amount of the Note.

This Note is issued pursuant to the Purchase Agreement between the Authority and Lender dated as of _____, 2012 (the "Purchase Agreement"), for the purpose of providing funds to pay a portion of the purchase price of the Property (as that term is defined in the Purchase Agreement) being conveyed from Lender to the Authority, in full conformity with the laws of the State of Minnesota, including Minnesota Statutes, Section 469.103, as amended (the "Act"). This Note is not a general obligation of the Authority. Principal of this Note is payable solely from the Net Revenues derived sale of the Property. Neither this Note nor any of the agreements or obligations of the Authority shall be construed to constitute an indebtedness of the State, the County, the City, or the Authority within the meaning of any constitutional or statutory provisions whatsoever, nor constitute or give rise to a pecuniary liability or be a charge against the general credit or taxing powers of the State, the County, the City, or the Authority.

Nothing in this Note, or in the Purchase Agreement, shall limit the Authority's discretion to sell the Property or portions thereof to third parties at any price the Authority deems reasonable in order to facilitate development of the conveyed Property, whether or not such sale price represents market value of the conveyed Property. If any principal balance of the Note remains unpaid at the Maturity Date, the Authority shall have no obligation to pay such balance, other than from Net Revenues collected by the Authority as of the Maturity Date.

This Note is not transferrable to any third party without approval by the Authority. If any term of this Note, or application thereof to any person or circumstances, shall, to any extent be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law. This Note may not be amended, modified or changed, except only by an instrument in writing and signed by the party against whom enforcement of any amendment, change, modification or discharge is sought.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the charter of the Authority and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Note in order to make it a valid and binding obligation of the Authority in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Note does not cause the indebtedness of the Authority to exceed any constitutional, statutory or charter limitation of indebtedness.

IN WITNESS WHEREOF, the City of Inver Grove Heights Economic Development Authority, Dakota County, Minnesota, by its Board of Commissioners, has caused this Note to be executed on its behalf by the facsimile or manual signatures of the President and Executive Director and has caused this Note to be dated as of the date set forth below.

Dated: _____

**CITY OF INVER GROVE HEIGHTS AMERICA
ECONOMIC DEVELOPMENT AUTHORITY**

President

Executive Director



Offices in
Minneapolis
Saint Paul
St. Cloud

470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
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(612) 337-9310 fax
www.kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

STEPHEN J. BUBUL
Attorney at Law
Direct Dial (612) 337-9228
Email: sbubul@kennedy-graven.com

February 1, 2012

Joe Lynch
City Administrator
City of Inver Grove Heights
8150 Barbara Avenue
Inver Grove Heights, MN 55077-3410

Re: City Funding of EDA

Dear Joe:

You asked me to advise whether the City of Inver Grove Heights (the "City") may appropriate funds for operation of the City of Inver Grove Heights Economic Development Authority (the "EDA"), and for use by the EDA in exercising its powers under Minnesota Statutes, Sections 469.090 to 469.1082. The answer is yes, for the reasons explained below.

There are multiple sources of authority for such City funding of the EDA. The simplest is Section 469.100, subd. 2, which requires the EDA to annually submit a budget to the City Council. This statute goes on to state:

The budget must include a detailed written estimate of the amount of money that the *authority expects to need from the city to do authority business* during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources. (emphasis added)

If the EDA must identify the funds it needs from the City, the clear implication is that the City has the authority to provide those funds.

A second source of funding authority is Section 469.107, which authorizes a city to levy a tax "for the benefit of the EDA," at the request of the EDA. The maximum levy amount is .01813 percent of taxable market value in the City, except for a larger amount that may levied subject to "reverse referendum." The proceeds of the levy are paid to the EDA treasurer, "to be spent by the authority."

Note that this levy is not raised by the EDA itself, but by the City on behalf of the EDA. As such, it is not a "special levy" under current law, and the amount falls within any levy limits that might apply to the City.

The only question surrounding the so-called EDA levy is whether the City may appropriate amounts *larger* than the .01813 percent in market value in any year. In our view, the levy limit is just that—a limit only on the *levy* amount in a particular year. It does not preclude appropriation of other funds in any larger amount, so long as those funds are not derived from the ad valorem levy in that fiscal year.

In addition to these statutes, other provisions in Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”) are relevant in cases where the EDA is using such powers. Recall that the EDA has all the powers of a housing and redevelopment authority (an “HRA”) under the HRA act. Generally, these powers include activities to prevent and remedy “blight”, and to promote affordable housing.

Under Section 469.041 (1), a “state public body” may convey its interest in any property to an HRA, and (with certain exceptions not relevant here) may “pay the bonds of or make loans or contributions to redevelopment projects. . . .” Further, under Section 469.041(9), a state public body may “furnish funds available to it from any source, including the proceeds of bonds, to an authority to pay all or any part of the cost to the authority of the activities authorized by section 469.0012, subd. 1h.” The activities in that cross-referenced section include a wide variety of redevelopment work, such as acquisition, demolition and rehabilitation of property.

A “state public body” is defined in Section 469.002, subd. 4 to include any city or any political subdivision or instrumentality of the State. The net result is that the City, as a state public body under the HRA Act, may make contributions to the EDA for specified purposes under the HRA Act. This point is explicit in Section 469.091, subd. 1, which states: “If the economic development authority exercises the powers of a housing and redevelopment authority under [the HRA Act] or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by [the HRA Act] or other law.”

While the EDA may not currently contemplate using HRA powers, the City should be aware of the broad authority to make contributions toward redevelopment activities. If the City elected to fund such contributions by a general City levy, there is no apparent reason why that levy would be subject to any limitation other than limits that apply to the City levy generally. That is, such levy is differentiated from a levy specifically requested by the EDA for general EDA purposes under Section 469.107 (as discussed above). However, it is important to keep in mind that contributions from the City as a “state public body” must be used only for exercise of HRA powers under the HRA Act.

Though the City could simply fund HRA activities from City levy dollars, the more typical scenario is to use the separate authority under Section 469.033, subd. 6. of the HRA Act, to levy a tax in a maximum annual amount of .0185 percent of market value in the City. *See* Minnesota Statutes, Section 469.033, subdivision 6. Unlike the so-called EDA levy under Section 469.107, this levy is technically raised by the EDA (using HRA powers), and is outside any levy limits that govern the City. As with contributions from the City discussed above, proceeds of this HRA levy must be used solely for purposes under the HRA Act.

Joe Lynch
February 1, 2012
Page 3

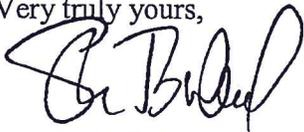
The HRA levy must be approved by the City Council. While not precisely the same as a contribution from the City, it is a tool for providing funds for the EDA (at least the HRA-type functions of the EDA). And unlike the EDA levy discussed above, this levy may be made in addition to (rather than as part of) the regular City levy.

It is even possible for the City to raise the EDA levy on behalf of the EDA (within City levy limits) for general EDA purposes; and for the EDA (with City Council approval) to raise the HRA levy for the HRA activities by the EDA. This scenario is not common, but has been used in some cities with very active economic development and redevelopment programs.

Whether the City uses any of these funding tools is of course a policy decision for the City Council. I hope this letter helps explain the ground rules, and clarifies the City's powers regarding funding for the EDA.

Let me know if you or Council members have further questions.

Very truly yours,



Stephen J. Bubul

SJB/cm

cc: Tim Kuntz



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February 1, 2012

Joe Lynch
 City Administrator
 City of Inver Grove Heights
 8150 Barbara Avenue
 Inver Grove Heights, MN 55077-3410

Re: Transfer of Golf Course Property

Dear Joe:

You asked me to advise whether the City of Inver Grove Heights (the "City") may convey certain unused City property to the City of Inver Grove Heights Economic Development Authority (the "EDA") for less than fair market value. The brief answer is yes, for the reasons explained below.

Background

The City has identified two parcels of land that are adjacent to the existing municipal golf course, but are not needed for golf course operations (referred to as the "Property"). The City has obtained appraisals indicating that the estimated market value of the Property is approximately \$1,800,000.

The City has proposed to convey the Property to the EDA for a purchase price of \$1,352,000, which is approximately the amount needed to defease the City's outstanding \$3,940,000 Golf Course Gross Revenue Refunding Bonds, Series 2003A (the "Series 2003A Bonds"). (The Property was acquired with proceeds of earlier bonds that were refunded by the Series 2003A Bonds.) The purchase price would be paid by an installment of \$352,000 in cash at closing, and delivery of a \$1,000,000 revenue note. The revenue note would be payable over ten years, without interest, and paid solely from net proceeds of future sales of the Property by the EDA. The purchase price is therefore less than estimated market value, and the terms of the revenue note (without interest) are also below typical market terms.

Joe Lynch
February 1, 2012
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Analysis

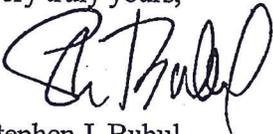
The City is clearly authorized to carry out a conveyance under such terms. Under Minnesota Statutes, Section 465.035, any city "may lease or convey its land for a nominal consideration, or without consideration or for such consideration as may be agreed upon to the state or to any governmental subdivision . . . for public use when authorized by its governing body." Under Minnesota Statutes, Section 469.091, subd. 1, an economic development authority is a "political subdivision of the state," which is equivalent to a "governmental subdivision." Therefore, the City may convey the Property to the EDA for nominal or no consideration, if authorized by the City Council.

While the City and EDA expect that the Property will eventually be sold to and developed by private parties, such later use of the Property will not undermine the "public use" for the purposes of Section 465.035. The Minnesota Attorney General has long advised that the term "public use" in section 465.035 is synonymous with "public purpose." *See Op. Atty. Gen., Aug. 29, 1978.* In the 1978 opinion, the Attorney General addressed the question of whether, after a school district had conveyed property to a city for a "public purpose" under Section 465.035, the City could then reconvey that property to private parties for economic development under Section 465.026 (a statute now codified at Section 469.185, and which authorizes cities to convey property for nominal consideration to encourage industry and employment).

The Attorney General reasoned that conveyance of land to promote economic development is itself a public purpose, and is therefore within the scope of Section 465.035. The power of the EDA to re-convey land for economic development (*see* Minnesota Statutes, Section 469.105) is similar to the city power cited in the 1978 opinion. In fact Section 469.091, subd. 2 expressly states that an economic development authority "carries out an essential governmental function when it exercises its power. . . ." Therefore, conveyance of the Property by the City to the EDA is for a "public use" within the meaning of section 465.035, even if the EDA later sells the Property or portions thereof for private development.

If you have further questions on this matter, please let me know.

Very truly yours,



Stephen J. Bubul

SJB/cm

cc: Tim Kuntz