

CITY OF GRAND MARAIS
Joint EDA/County/City Meeting
MINUTES
August 28, 2009

Mayor Hakes called the meeting to order at 1:00 p.m.

Members present: Kay Costello, Sue Hakes, Jan Sivertson and Tim Kennedy
Members absent: William Lenz
Staff present: Mike Roth and Kim Dunsmoor

County Members Present: Jim Johnson, Fritz Sobanja, Bruce Martinson, Jan Hall, Bob Fenwick, Braidy Powers, Janet Simonen

EDA Members Present: Mike Littfin and Matt Geretschlaeger
(no quorum present)

Ehlers & Associates: Carolyn Drude and Bruce Kimmel

Carolyn Drude and Bruce Kimmel, Ehlers, outlined the options for the refinancing of the G.O. Temporary Bond that was used for the construction of the infrastructure in the Business Development Park. To meet the timing of the January 9, 2010, payoff date, we will need to call for sale by October 14, 2009. The group discussed another 3-year temporary bond, 15-year terms, and 20-year terms. The original plan was that each property would be assessed \$60,000 to be paid as the property was sold. There were 14 purchase agreements when we decided to hold a temporary bond, all but 2 agreements fell through. The current market does not support an assessment of \$60,000 per lot. We will need to be creative to sell lots. The covenants may need to be loosened to allow building within 5 years rather than one year and stormwater control issues have been a deal breaker for some. A market analysis was completed and some of the lots are not worth \$60,000 in this market. The assessment structure will need to be revised. Interfund loans may be necessary to pay this bond. The group reached consensus that a 20-year bond should be pursued. A decision will need to be made by October 1, 2009.

The District Energy System financing options were discussed. This may need to be negotiated terms rather than competitive terms. Start-up utilities may cost more. The estimated debt service payment would be \$523,100 per year. It seems like we are doing the right things so far. We would need a business plan, a second opinion feasibility study and a rate study. The numbers should be re-run at \$30 per ton for biomass.

A Joint Maintenance Facility may work best with EDA Lease Revenue Bonds, especially when dealing with state agencies. Other parts of the facility could pay outright or lease.

There being no further business, the meeting adjourned at 3:38 p.m.