

**MINUTES OF THE SPECIAL MEETING OF
THE
COMFORT LAKE–FOREST LAKE
WATERSHED DISTRICT
Thursday, September 30, 2021**

1. Call to Order

Vice President Anderson called the September 30, 2021, special board meeting to order at 4:00 p.m. via online video conference.

Present: Vice President (President Pro-Tem) Jackie Anderson, Secretary Pro-Tem Dave Bakke, Treasurer Steve Schmaltz, Manager Doug Toavs, Manager Chris Loth.

Absent: None.

Others: Mike Kinney, Bobbie Law, Nick Bancks (CLFLWD staff); Chuck Holtman (Smith Partners)

2. Forest Lake East Basin/3rd Lake Parcel (PIDs: 12.032.21.33.0001 & 12.032.21.33.0016)

Mr. Kinney explained that this project will be renamed due to confusion. Staff have decided to revise this site's name to the Cranberry Lake Channel property. He explained that the District has an accepted offer and must complete the necessary steps explained in the provided Emmons and Olivier Resources (EOR) memo.

Vice President Anderson read Resolution 21-09-04 approving the purchase agreement.

Managers discussed financing and funding options for the acquisition. The Board would be comfortable moving forward with other financing if the pending grant application is not accepted. Managers discussed the contingencies included. Manager Schmaltz referenced the three contingencies in the purchase agreement for title review, environmental review, and an appraisal. Vice President Anderson noted that a survey may also be included. Managers discussed the function of the appraisal. Mr. Holtman confirmed that the appraisal contingency would operate to allow the District to elect not to proceed with the purchase, or to negotiate with the seller, if the appraisal does not support the purchase price. In response to a question from Vice President Anderson, he stated that if the appraised value exceeds the purchase price, that does not give the seller the option to step out of the agreement.

Managers discussed the potential grant. Mr. Kinney explained that staff are working on submitting additional information. Manager Schmaltz requested information on where staff are in this process. Mr. Bancks clarified that one of the items is the executed purchase agreement and a land management form that is being filled out by Department of Natural Resources (DNR) staff. Mr. Bancks further explained that the form, among other things, concerns rare species or features within close proximity to the property.

Managers discussed letters of support provided for the grant process. Mr. Kinney noted that the Forest Lake Lake Association has provided support, but the City of Forest Lake has not. Managers agreed that staff should consider reaching out to the mayor directly rather than staff within the parks department. Manager Anderson mentioned that this is not a contingency under the purchase agreement.

Manager Bakke questioned if any property like boats, docks, or buildings is on the property. Mr. Kinney explained that Emmons and Olivier Resources staff walked the property, and none was observed. He also asked if there would be title insurance as a part of this purchase. Mr. Holtman explained that a title insurance policy would be purchased.

3. Willow Point Property (PID: 10.032.21.41.0021)

Manager Schmaltz moved to adopt Resolution 21-09-04. Seconded by Manager Toavs. Upon a roll-call vote, the motion carried 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
David Bakke	X		
Douglas Toavs	X		
Christopher Loth	X		

Vice President Anderson described the purchase in phases:

- Phase I: 90-day due diligence period- Oct-Dec 2021. This period will encompass all known areas of due diligence in order to reduce the time from offer to purchase.
- Phase II: An offer amount will be determined by the Board and presented to Seller. A purchase agreement will be prepared with any final contingencies identified and allocating fees and charges to be paid by seller and buyer at closing. Remaining due diligence matters will be addressed and the parties will move to closing.

Vice President Anderson reviewed a document that she finds helpful that lists due diligence items to be addressed during the acquisition process. She offered the document as a draft for use by District staff that can be finalized by Ms. Law. She suggested that addressing these items ahead of time would make the acquisition process run more efficiently. Manager Schmaltz urged that the District have the property assessed by an architect so that the District can determine the cost to convert the space to its needs. Managers discussed possible changes to accommodate an office configuration for the building currently located on the property.

Manager Toavs moved to authorize the administrator, on advice of counsel, to sign an agency agreement with Keller Williams. Seconded by Manager Loth. Upon a roll-call vote, the motion carried 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
David Bakke	X		
Douglas Toavs	X		
Christopher Loth	X		

Vice President Anderson explained that Administrator Kinney holds delegated authority to contract up to \$20,000 and within budget. Accordingly, within this limit, the Administrator can retain professional services as needed to perform due diligence and retain real estate counsel.

Manager Schmaltz noted that the project is 9complex and recommended creating an action plan of who is completing items in the acquisition process. Manager Anderson noted that, more generally, Mr. Bancks is in the process of creating a complete protocol for land purchases.

Manager Schmaltz moved that the President Pro Tempore shall have the authority, on behalf of the Board of Managers and with advice of counsel, to sign a letter of intent for purchase of the Willow Point property that allows the District at least 60 days to examine contingencies not reserved for due diligence under the purchase agreement and does not obligate a District payment in the event the Board chooses not to proceed to purchase. Seconded by Manager Toavs. Upon a roll-call vote, the motion carried 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
David Bakke	X		
Douglas Toavs	X		
Christopher Loth	X		

Manager Schmaltz encouraged comments from new managers during this land acquisition process. Manager Toavs mentioned the educational opportunities with this building. Manager Schmaltz noted that an office needs list was compiled by staff in the past and this should also be used when looking into the functionality of this space. Mr. Kinney explained that he has been in contact with the company that conducted a space needs analysis and that it will be connecting with Mr. Bancks to provide information for the board. He noted the changes in the way District staff currently work in consideration of the COVID-19 pandemic. He explained that it might be best to configure the space in a less traditional layout. Manager Anderson noted that the openness of the space is a beneficial factor. She noted the continuation of the hybrid work style and that the need for flexibility will remain.

4. Adjourn

a) Next regular board meeting – October 14, 2021

Manager Toavs moved to adjourn the meeting. Seconded by Manager Anderson. Upon vote, the motion carried 5-0, and the meeting was adjourned at 5:13 p.m.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
David Bakke	X		
Douglas Toavs	X		
Christopher Loth	X		

David Bakke, Secretary Pro-Tem _____