COON CREEK WATERSHED DISTRICT
BOARD OF MANAGERS' SPECIAL MEETING
September 18, 2018

The Board of Managers of the Coon Creek Watershed District held a special meeting on September 18, 2018 at the Coon Creek Watershed District Office and during a tour of potential office space.

1. Call to Order: The meeting was called to order at 10:04 a.m.
Present: Matt Herbst, Warren Hoffman, Michael Kreun, Dwight McCullough, Anthony Wilder
Staff: Corinne Elfelt, Jon Janke, Tim Kelly.

2. Approval of the Agenda: Kreun moved to add “Item 5. - Next Steps” to the Agenda and Approve the Amended Agenda. Seconded by Herbst. Motion carried with five yeas (Herbst, Hoffman, Kreun, McCullough and Wilder) and no nays.

3. Office Space Tour: Kelly noted that he was able to arrange tours of 2 properties; #2 1347 159th Ave NE and #4 17808 Central Ave NE from the list provided during the Closed Session of September 10, 2018. A tour of a 3rd building located at 10800 NE Mankato St was not arranged, as the owner had not returned his call. Kelly stated many of the properties reviewed at the September 10, 2018 meeting were no longer available or did not receive a response to his request for a tour.

The Board of Managers departed for the tour of 1347 159th Ave NE in Ham Lake. Building owner, Everett Jasmer, conducted a tour of the lobby, office spaces, partially completed office spaces, warehouse and dock. Mr. Jasmer noted the industrial building was built in 1988, 11,040 total square feet on 2.4 acres for $950,000.

At 10:55 the board and staff arrived at 17808 Central Avenue in Ham Lake. Kelly arranged the tour through the agent, Ross Hedlund. The tenant facilitated the tour. The Board toured the showroom, offices and warehouse space of the 12,486 square foot building built in 2002 on 2.53 acres. The building included in-floor heat throughout and was fully sprinkled. The list price for the property was $785,000.

Kreun, Herbst, McCullough and Elfelt drove to the third property at 10800 NE Mankato. A brief discussion with the owner indicated the property was no longer on the market.


Wilder commented on the curb appeal of the building located at 17808 Central Ave NE.

Kelly asked staff to help determine if 17808 Central Ave NE was within the District. Kelly commented on the bright space, nice offices and shop, heated floors and price...
within the District’s range. He noted that there were, however, some exterior issues with the building.

Wilder remarked on the lack of appeal of the office area of the building located at 1347 159th Ave NE, and stated he felt the spaces would have to be gutted.

Kreun stated he did not feel this building was a good value at $950,000 and the price was not realistic. Kreun commented that due to the need to completely rebuild the interior, the cost of the building was need to be considerably less.

Herbst also felt the price for 1347 159th Ave NE was too high.

Hoffman stated he would estimate $200,000 to $300,000 to make the building fit the needs of the District. Hoffman noted that with the limited budget the District is trying to stay within, the Woodland Building best fits the District needs and over the next 2 or 3 years any needed changes could be made.

Kreun noted the District has about $970,000 to purchase and rehab a building, so it would reasonable to consider property that is no more than $750,000 to allow for changes to be made. Kreun noted it may be advantageous to set aside any extra funds in a maintenance escrow.

District staff provided a map that determined the building at 17808 Central Ave NE is just outside the District. Kelly noted that since this building is outside the District, it cannot be considered for potential office space.

Wilder noted one of the advantages of the Woodland building is the ability to move-in without having to make any changes before the move.

Kreun remarked the Woodland building is mathematically appealing due to the appraisal results and the little amount of work to make the space usable.

McCullough commented there seems to be a misunderstanding, at least with the City of Ham Lake, that CCWD already had a building. McCullough also commented that the Woodland building seems to be a good fit for the District with the 10,000 square foot footprint.

Kreun asked the Board to consider having an attorney handle any real estate transaction.

Wilder pointed out that Woodland provided opportunity for growth, a garage and being cost effective.

The Board discussed what the maximum they would be comfortable spending for a building but did not arrive at any figure.
5. Next Steps:
Kreun lead the Board discussion and, with the Board consensus, included direction to Kelly to take the following action:

1) Reach out to the District’s Attorney and ask if they would handle the real estate transaction;
2) If not, ask the District’s attorney set up a retainer with a new attorney to handle the real estate transaction for the District;
3) Call the representative of Woodland to inform them that it is the District’s intent to make a cash offer for the appraisal amount, $670,000;
4) Update the Board with the status of the transaction and retainer of an attorney to handle the Purchase Agreement.

Hoffman stated the County Commissioners should be updated with the progress and the due diligence that has been done.

ADJOURN
The meeting adjourned at 12:36 p.m. on a motion by Wilder, seconded by Hoffman. Motion carried with four yeas (Hoffman, Kreun, McCullough and Wilder) and no nays.

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Anthony Wilder, President