

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Special Work Session – October 5, 2010

Pursuant to due call and notice, a special work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Tuesday, October 5, 2010, at 5:30 p.m. in the Conference Room of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Councilmembers were declared present: Lehmann, Waldhausen, Hellquist, Johnson, Meuers, Downs, Negard

Staff Present: City Manager John Chattin, City Clerk Kay Murphy
Others Present: Dave Hengel, HRDC; Russ McGinty, North Central Real Estate

Mayor Lehmann stated that the purpose of the special work session was to continue discussion regarding a proposal from HRDC to market the south shore land and old MnDOT site on behalf of the City.

Dave Hengel, Northwest Minnesota Foundation, reviewed the two proposals discussed at the Council work session on September 13, 2010. Hengel stated that the cost to utilize the HRDC and McGinty is \$2,500 a month of which half would be reimbursed from commissions. The HRDC and McGinty would share a five percent (5%) commission on sales; if an outside broker is used, a seven percent (7%) commission would be shared.

Russ McGinty, North Central Commercial Real Estate, stated that he represents a number of commercial tenants and has 25 years of experience in the field. McGinty stated that if the City chooses him as the broker he will work with the Council to strategize how best to market the south shore. He further stated that he has the marketing and demographics of the Bemidji area. McGinty stated that the Council has a 30-day back-out option and will be able to discontinue his services if they desired.

Discussion continued regarding McGinty's connection to Pinnacle Village Outlet Mall. McGinty responded that the economy and the site have slowed down the marketing of the Pinnacle property. Marketing the south shore of Lake Bemidji with all of its amenities is different. He reassured the Council that it would not be a conflict of interest as the client will select the site.

Hellquist asked if the City or HRDC had explored other potential brokers. Hengel responded that in his search for a broker he contacted Kraus Anderson who recommended Mr. McGinty. Chattin commented that a brochure of the south shore was mailed to every real estate agent in the region and they were told that the City would be open to paying a commission on the sale of property.

Negard expressed a number of concerns including McGinty's experience in marketing a property such as the south shore. McGinty responded that he has served clients all over the Midwest.

Meuers commented that the City cannot wait to sell this property but must take this opportunity to move it forward.

McGinty noted that one drawback to the south shore site was the condition of the beach. However, despite this challenge he believed he could still bring developers.

Chattin stated that if there are BREC contingency funds remaining, the beach in front of the beach house will be cleaned up.

Motion by Waldhausen, seconded by Johnson, to authorize staff to enter into an agreement with HRDC and North Central Commercial Real Estate to market the south shore and old MnDOT site. Furthermore, to utilize contingency funds through the end of 2010 to cover the monthly cost of \$2,500. Motion carried unanimously.

ADJOURN

There being no further business, motion by Meuers, seconded by Hellquist, to adjourn the meeting. Motion carried. Meeting adjourned at 6:45 p.m.

Respectfully submitted,


Kay M. Murphy
City Clerk