

**CITY COUNCIL PROCEEDINGS**  
**BEMIDJI, MINNESOTA**  
**Special Meeting/Work Session – October 22, 2012**

Pursuant to due call and notice, a special meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, October 22, 2012, at 5:15 p.m. in the Conference Room of City Hall, Mayor Larson presiding.

Upon roll call, the following Councilmembers were declared present: Larson, Waldhausen, Johnson, Albrecht, Negard, Thompson Absent: Hellquist

Staff Present: City Manager John Chattin, City Attorney Alan Felix, City Clerk Kay Murphy  
Others Present: Tiffany Fettig – HRFC; Dave Hengel – Greater Bemidji

Mayor Larson stated that the purpose of the special work session was to consider a loan request to help pay for a connection between the proposed hotel and the Sanford Center.

Chattin stated that the group proposing to build the Country Inn and Suites has requested a \$400,000 loan. He stated that they cannot borrow against the connector as it will be turned over to the city. Chattin stated that Kraus Anderson has estimated the connector cost at \$397,000.

Tiffany Fettig, a business loan consultant for Headwaters Regional Finance Corporation, stated that the Revolving Loan Fund Committee reviewed the request and has recommended approval with the following terms:

- Borrower: Wayzata Bemidji Hospitality Associates, LLC
- Loan Amount: \$400,000
- Payment/Term: 7 years fully amortizing. Interest only during construction period and first two months of operations, then 84 months of principal and interest payments.
- Rate: 1.5% fixed
- Collateral: Subordinate shared lien position on real estate and business assets of hotel. Unlimited corporate guarantee from Bay Ridge Properties. Unlimited personal guarantees from Tripp Snyder and Pam Kroeger, Lee Fundanet and PRS Family Trust. Unlimited guarantee from Kraus Anderson through the construction phase only.
- Fees: 1.0% origination fee and out-of-pocket expenses
- Funding: Handled through a title company
- Monitoring: Monthly financial statements and annual tax returns borrower and guarantors.

Dave Hengel, Greater Bemidji Executive Director, commented that there is risk in this project but the City has to look at the benefits. He stated that the hotel will generate tax revenues and potentially draw other development to the south shore.

Chattin stated that all the financing must be in place before the closing happens on the property.

Albrecht asked if any of funding was federal money and would Davis Bacon apply? Fettig responded that it would depend on which pool of (revolving loan) funds the city used. She stated that the HRFC funds would normally be subject to Davis Bacon because they are federal funds, but that her Board is designating their funds for FF&E.

Felix stated that he believes the development agreement is for the most part completed with a few minor details to be worked out.

**Motion by Waldhausen, seconded by Albrecht, to approve the loan request with the terms as outlined by the Revolving Loan Fund Committee. Motion carried unanimously.**

**ADJOURN**

There being no further business, motion by Waldhausen, seconded by Johnson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:00 p.m.

Respectfully submitted,



Kay M. Murphy  
City Clerk