CALL TO ORDER AND PLEDGE
Chair Croatt called the Special Meeting of the Scott County Community Development Agency Board of Commissioners to order at 3:58 p.m. on June 27, 2017, and led the Pledge of Allegiance.

ROLL CALL
Commissioners present: District I, DeAnn Croatt
District II, Ben Zweber
District III, Kent Robbins
District IV, Patti Sotis

Commissioners absent: District V, Jane Victorey

Staff present: Bill Jaffa, Executive Director
Terri Gulstad, Finance Director
Linda Janovsky, Recording Secretary

Others present: Michael Pagh, President, Great Lakes Management

RIVER CITY CENTRE MASTER LEASE TENANT
Executive Director Jaffa opened by summarizing the issues and then introduced Michael Pagh, President, Great Lakes Management. The Executive Director explained Mr. Pagh’s role and the analysis he has undertaken on the retail space. Mr. Pagh then referenced Great Lakes analysis document and provided highlights of the document as follows:

- Mr. Dombrovski and Mr. Currie have sold Suntide Reality but still own property investments, including River City Centre. Under this umbrella they act as Shakopee River City Centre Associates LLC.
- Mr. Dombrovski seems to have had real challenges of leasing up space.
- Mr. Dombrovski continues to express his interest and commitment to the downtown area.
- The downtown Shakopee retail market is soft.
- As Barbara Portwood, Legal Counsel, noted, if the MLT defaults, there are no assets in this LLC.
- In this type of building there is often more interest to lease from small business/service entities than retail.
- MLT’s 2017 rent roll indicates occupancy will be 51%, for an income of $238,000.
- MLT needs to be at 75% occupancy to cover expenses.

Mr. Pagh and Executive Director Jaffa answered questions as they arose. Finance Director Gulstad confirmed that should the square foot cost go back down to $8.50, the CDA is covered for debt payment and replacement/reserve payments to Trustee.
The Commissioners indicated concerns about offering any concessions to the Master Lease Tenant for these reasons:

- The repeated concessions the Master Lease Tenant has requested.
- A lack of trust that the CDA/GLM has received accurate information from the Master Lease Tenant.
- The recent shifting of valuation in taxes to the CDA.
- Concern about Mr. Dombrovski’s efforts to market and lease the space.
- The downtown has benefited from improvements to Hwy 101, and will benefit from the City’s upcoming streetscaping, and potential added residential units to the area, as well as a hotel.
- The request of $8.50/square foot seemed arbitrary.
- It is the MLT’s responsibility for tenant improvements and they are asking for CDA funds to do this.
- The Master Lease Tenant’s reputation of being difficult to work with, both with the CDA’s management company and with previous/potential tenants.

Discussion continued and Mr. Pagh offered that in his experience working with the retail environment he feels that Mr. Dombrovski is giving an accurate representation of the issues. In addition, Executive Director Jaffa indicated that it is most likely Mr. Dombrovski asked for the $8.50/square foot as he is aware that amount will cover the debt service. Executive Director Jaffa reported the feedback he received from Commissioner Victorey and Chair Croatt ensured Commissioner Victorey’s questions/concerns were addressed.

After additional questions and discussion of the Board, it was agreed that the CDA will counteroffer what the Master Lease Tenant is requesting. The terms and mechanics of the counteroffer are as follows:

- Decrease square foot cost to $8.50.
- Offer $25,000 for tenant improvement costs (need to prove it is being used for that).
- Will need to provide CDA/GLM rent rolls, leases, periodic leasing updates, and a marketing plan.
- The agreement would be in a form of an amendment to the Master Lease.
- The term of the amendment will be one year.

Commissioner Robbins made a motion to reduce base rent to $8.50/sf and set aside $25,000 for tenant improvement for qualifying new lease-ups or renewals for a one year period. Commissioner Zweber seconded the motion. Unanimous roll call vote followed. Motion carried.

(4) ADJOURN
Commissioner Robbins made a motion to adjourn the Special Meeting of the Scott County CDA Board of Commissioners at 5:08 p.m. Commissioner Croatt seconded the motion. Unanimous voice vote followed. Motion carried.