

Polk County Board of Supervisors Committee of the Whole

March 9, 2017

Dana Frey
County Administrator

Purpose of today's meeting

- Report on Highway Facility development process as required by Resolution No. 42-16
- Provide the County Board the opportunity to review all relevant analysis
- Provide the County Board the opportunity to conduct another inspection of the proposed site, including an inside inspection
- Answer any questions or provide any additional information needed to assist with a decision

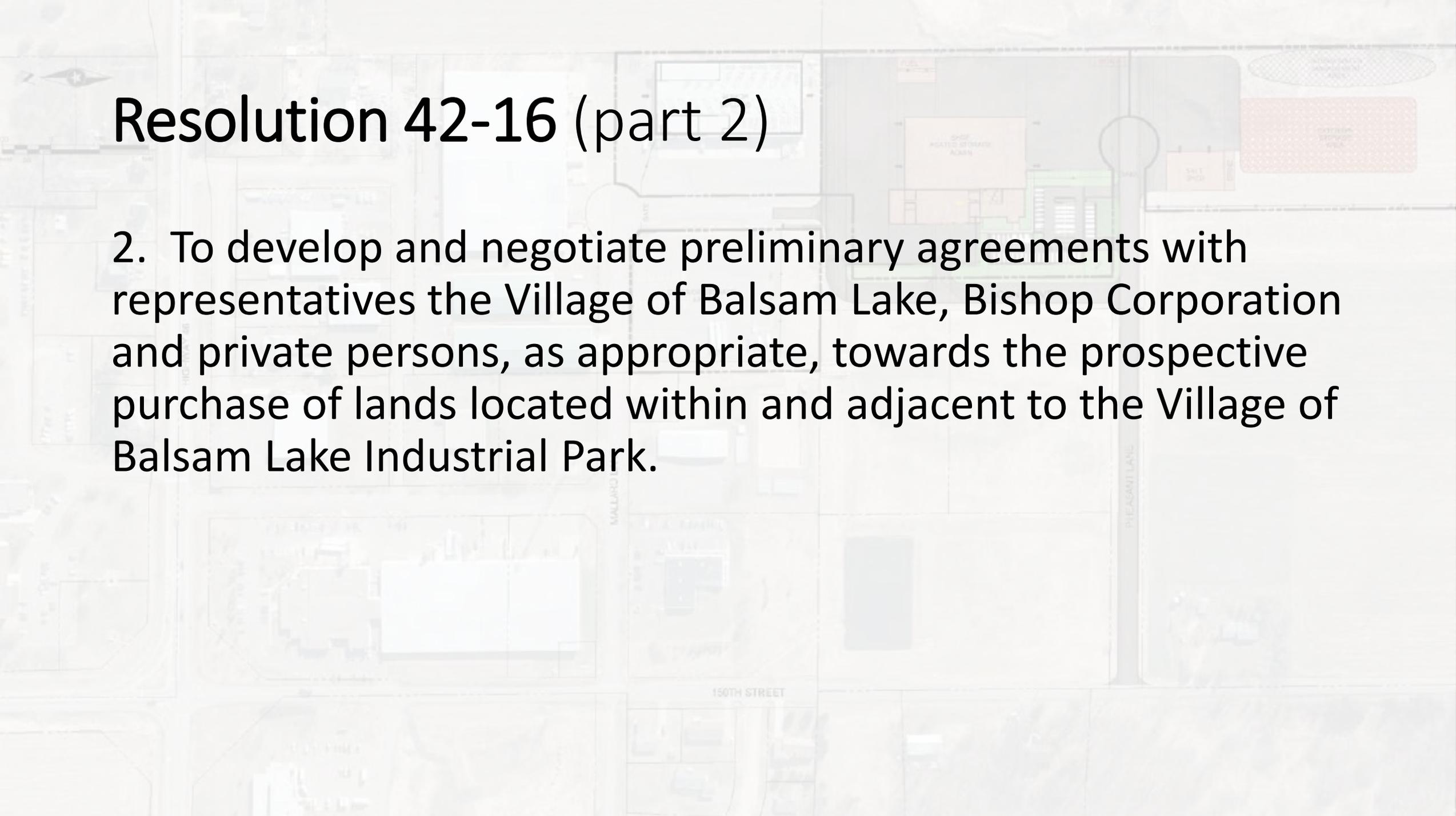
How we got to today's meeting

- September 2011 - Highway Facility in 5 year CIP for 2017 construction
- June 2016 - Administration recommends replacing facility
- July - Board votes 15-0 to assign to executive committee
- September - Board votes 14-1 to authorize purchase of land (sale withdrawn)
- November - Board approves Resolution No. 42-16 unanimously and tours industrial park site
- December – February 2017 - Administration researches, develops and negotiates industrial park site

Resolution 42-16

NOW, THEREFORE, BE IT RESOLVED that the Polk County Board of Supervisors authorizes and directs the County Administrator and his designated county staff, as follows:

1. To research the potential acquisition of land for a new highway facility located on lands within and adjacent to the Village of Balsam Lake Industrial Park.

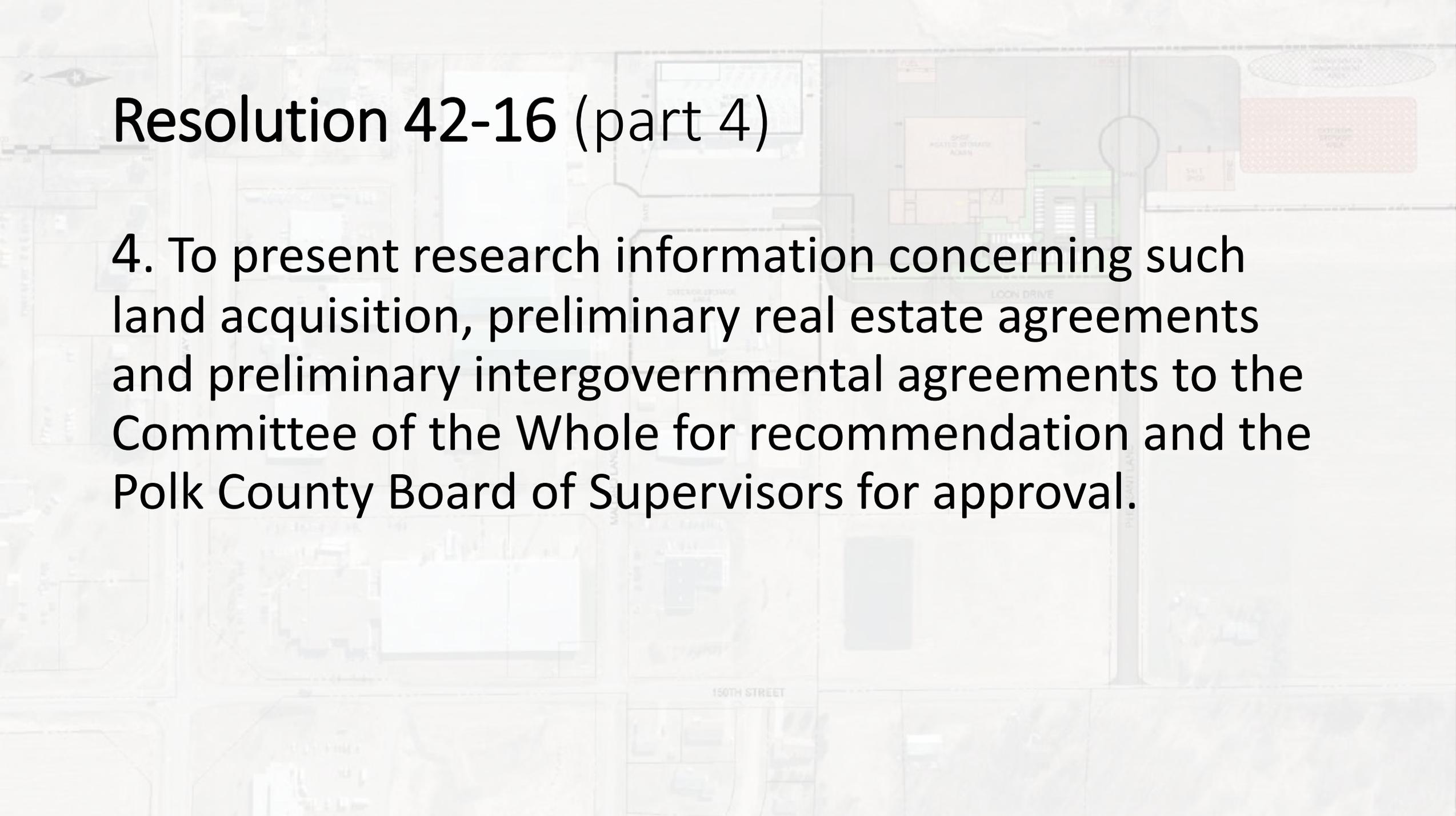


Resolution 42-16 (part 2)

2. To develop and negotiate preliminary agreements with representatives the Village of Balsam Lake, Bishop Corporation and private persons, as appropriate, towards the prospective purchase of lands located within and adjacent to the Village of Balsam Lake Industrial Park.

Resolution 42-16 (part 3)

3. To develop and negotiate preliminary intergovernmental agreement with the representatives of the Village of Balsam Lake concerning the development of such lands on terms that would require approval of the Village of Balsam Lake for the location and construction of a salt shed.



Resolution 42-16 (part 4)

4. To present research information concerning such land acquisition, preliminary real estate agreements and preliminary intergovernmental agreements to the Committee of the Whole for recommendation and the Polk County Board of Supervisors for approval.

What happens today

- County Board (as Committee of the Whole) reviews information on:
 - Land acquisition
 - Preliminary real estate agreements
 - Preliminary intergovernmental agreements
- Supervisors inspect potential project site
- Supervisors have the opportunity to ask questions
- Committee of the Whole makes a recommendation to the Board whether to consider proposal

What happens next

- If the Committee of the Whole decides to proceed:
 - On March 21:
 - Board considers whether to ratify preliminary agreements
 - Board considers whether to authorize purchase of property (Bishop and Village)
 - If approved, Administration negotiates and completes purchase
 - RFP for architectural and engineering services issued

What happens next (2)

- Before May 2017
 - Board delegates oversight responsibility to a committee or retains as CoW or both
- May 2017:
 - Board/committee recommends architectural and engineering firm and construction manager
 - Board approves A&E firm and construction manager
- June 2017
 - Board reviews design options
 - Board finalizes preliminary design including size, cost, structure, materials

What happens next (3)

- August 2017
 - Board reviews and finalizes all design elements; bids let for construction
- September
 - Construction bids received; board considers bids and awards contracts
 - Board finalizes financing arrangement (cash and bond mix)
- October
 - Construction begins
- November
 - Bonds issued, 2005 bond refinanced
- Fall 2018
 - Construction complete

Summary, Board Action

Today	Review site, preliminary agreements	
March 21	Determine whether to proceed with land purchase	
May	Award bids for A&E firm and construction manager	
June	Decide on building specifics and cost	
August	Finalize all design elements	
September	Award contracts	
October	Determine financing (cash and bonds)	Construction starts
November 2017- October 2018	Review construction issues and provide guidance as needed	
October 2018	*** CONSTRUCTION COMPLETED ***	

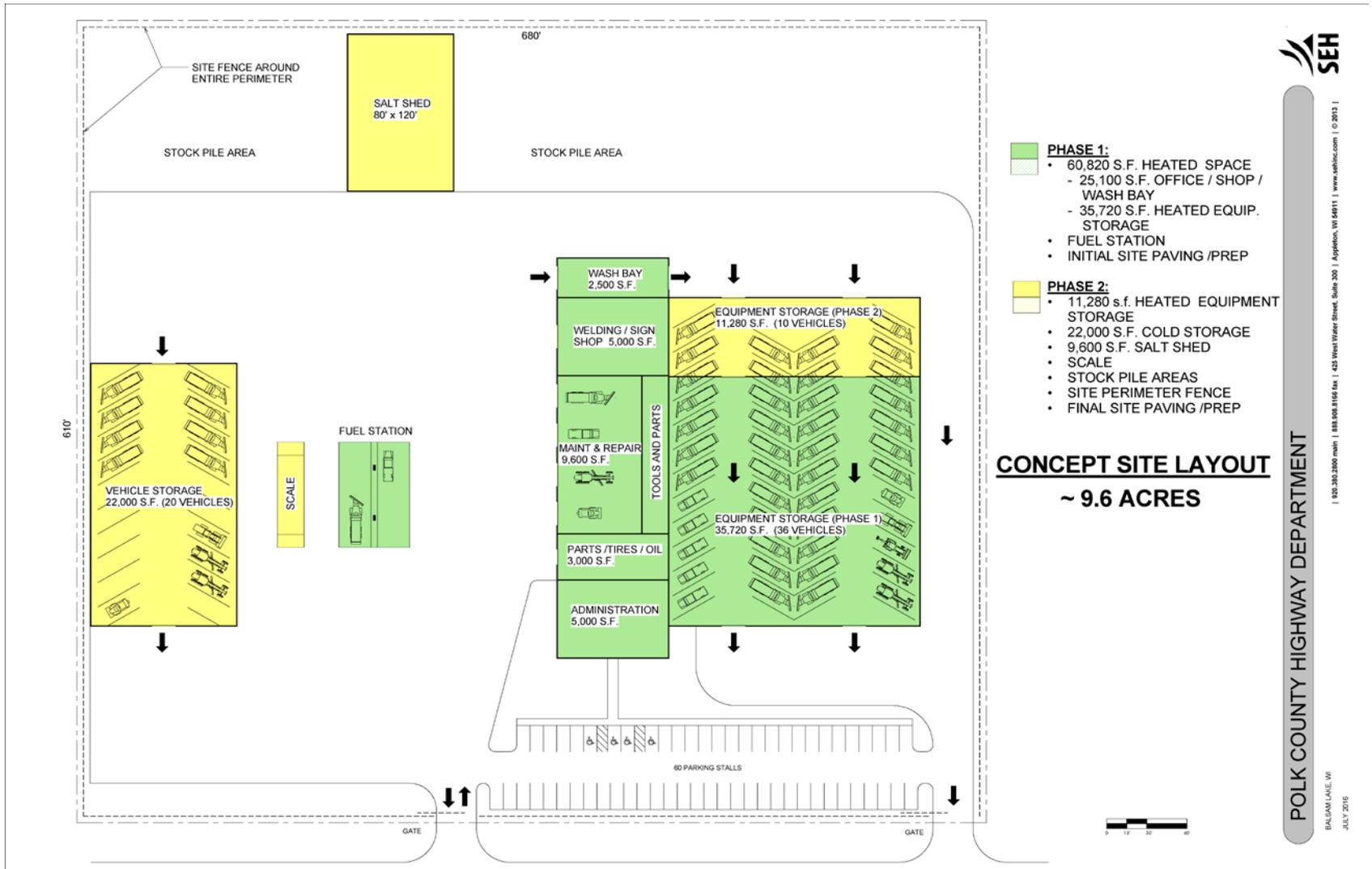
POLK COUNTY HIGHWAY DEPARTMENT SITE CONCEPT LAYOUT



PROCESS TO DATE / PLANNING

1. **Original Highway Department Assessment Report: (2007)**
 - With preliminary space needs and conceptual layout
2. **Revised Assessment Report: (June - August 2016)**
 - With preliminary space needs and conceptual layout
 - **Outcome:** Facility contained numerous code violations, unsafe work areas, insufficient space, poor location, and building has outlived its useful life. Preliminary estimate completed.
3. **Site Assessments / Report: (September 2016)**
 - Assessed 3 potential sites / building layouts for each site / Scored each site
 - **Outcome:** Best site Identified: Site 3 (Current Site)
4. **Site 3 Layout Options: November - December 2016**
 - Looked at different site layout options / weighed pros and cons of each layout
 - **Outcome:** Best layout selected
5. **Schematic Facility Layout – Site 3: February – March 2017**
 - Refine building and site layouts
 - Building elevations and Materials
 - Refine construction estimate

PRELIMINARY CONCEPT SITE LAYOUT

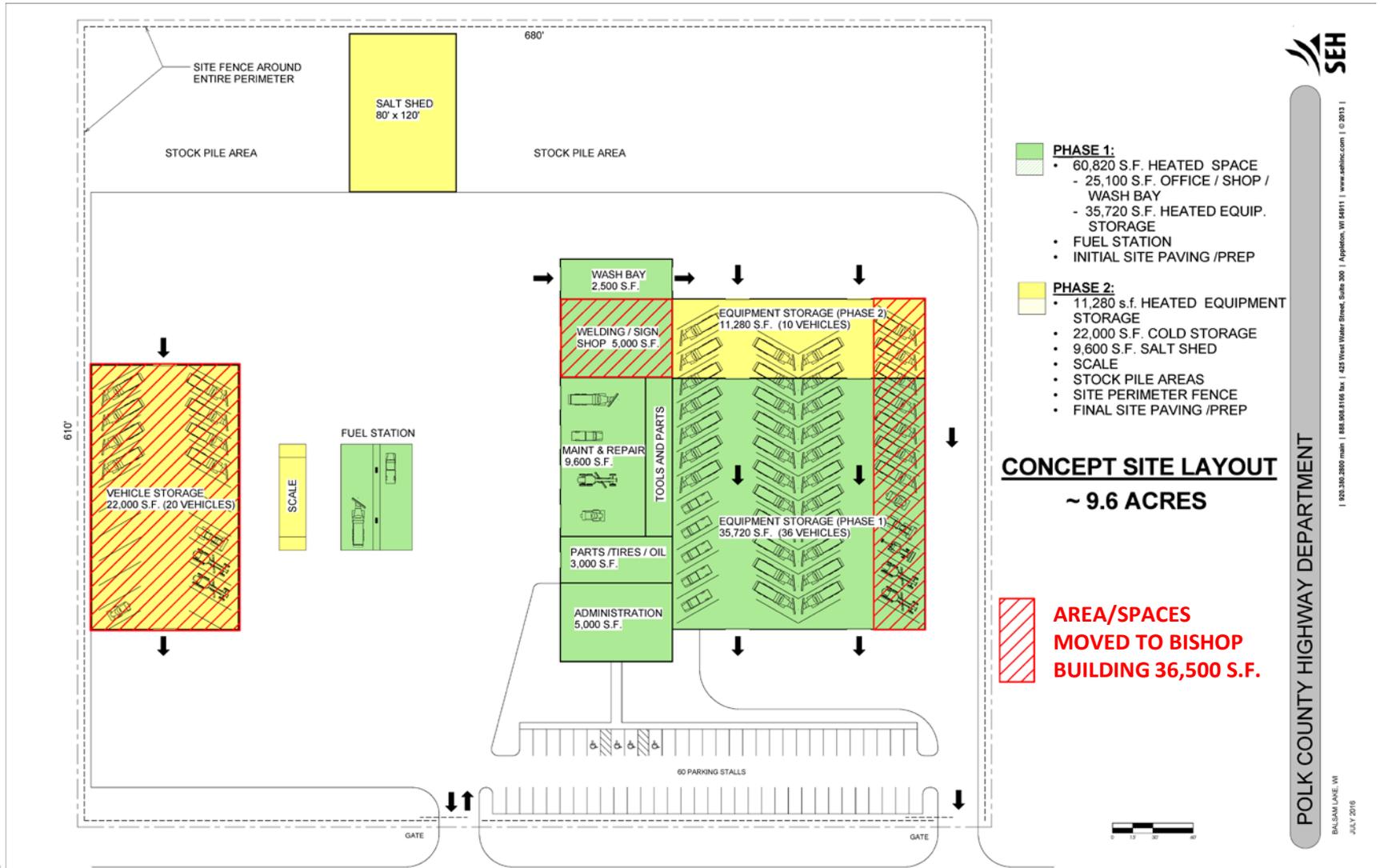


POLK COUNTY HIGHWAY DEPARTMENT

BALGAM LAKE, WI | 888.968.8166 fax | 425 West Water Street, Suite 300 | Appleton, WI 54911 | www.sehinc.com | © 2013 | JULY 2016



SPACES MOVED TO BISHOP BUILDING

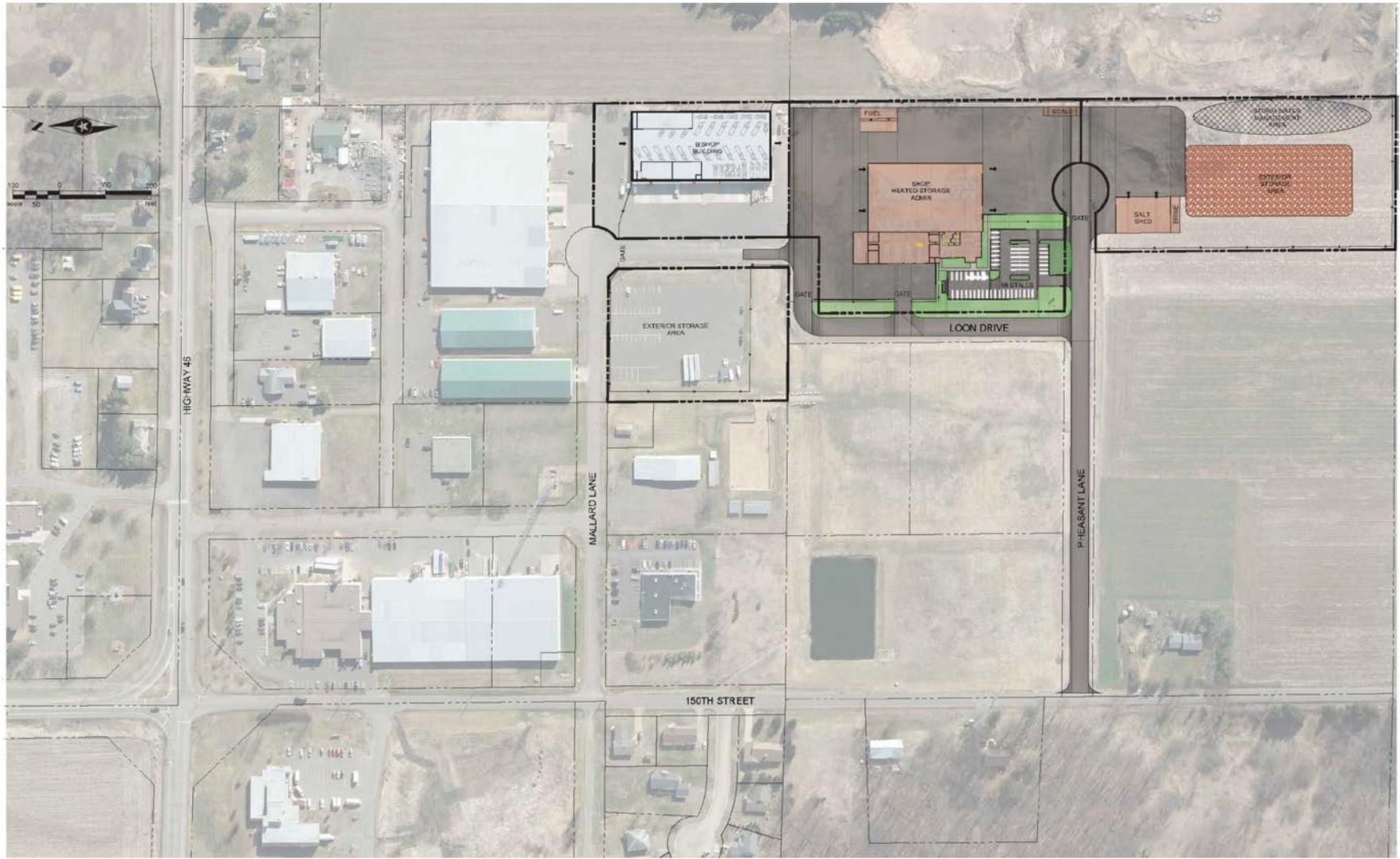


POLK COUNTY HIGHWAY DEPARTMENT

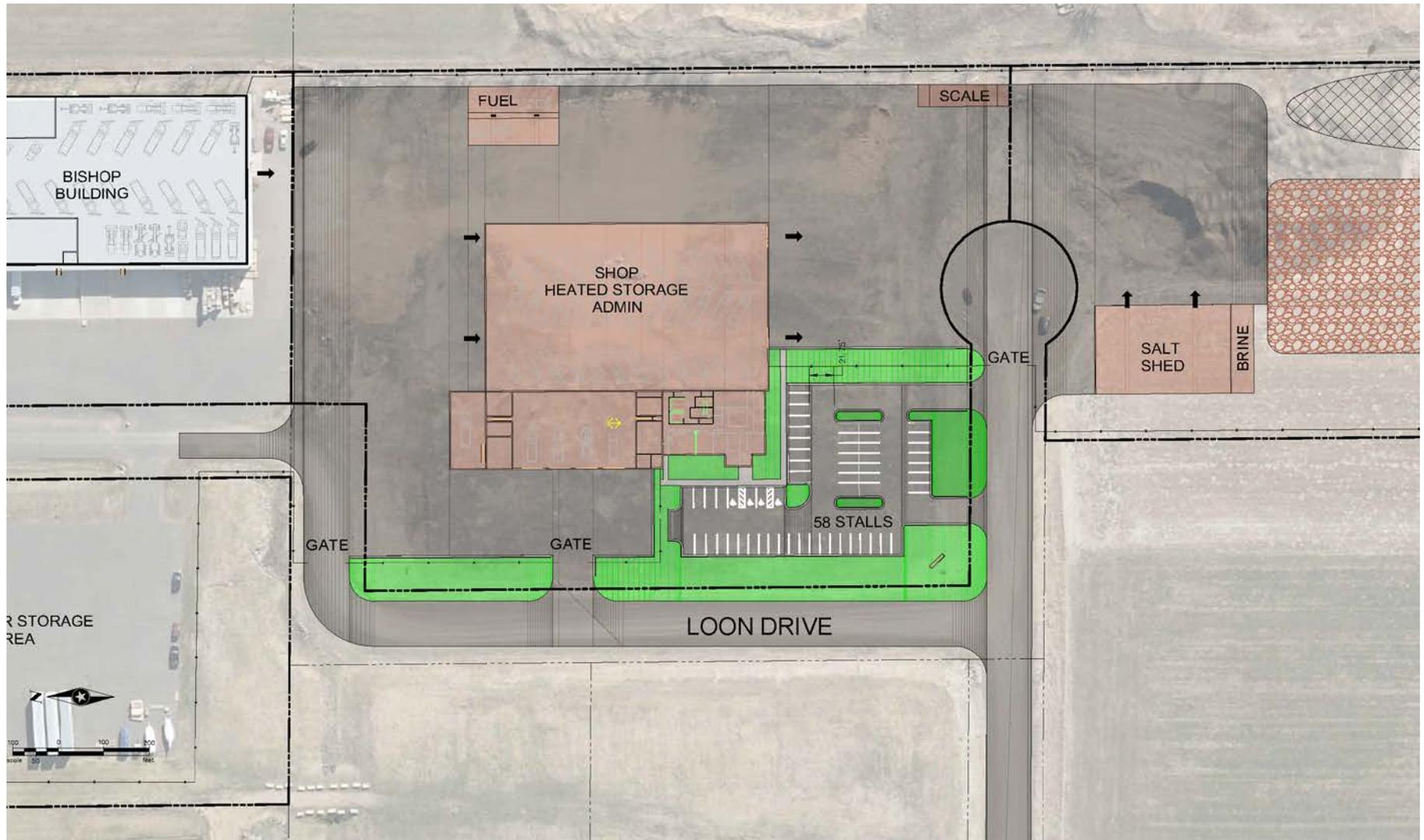
BALSAM LAKE, WI | 800.330.2800 main | 800.908.8198 fax | 525 West Water Street, Suite 300 | Appleton, WI 54911 | www.sehinc.com | © 2013 | JULY 2016



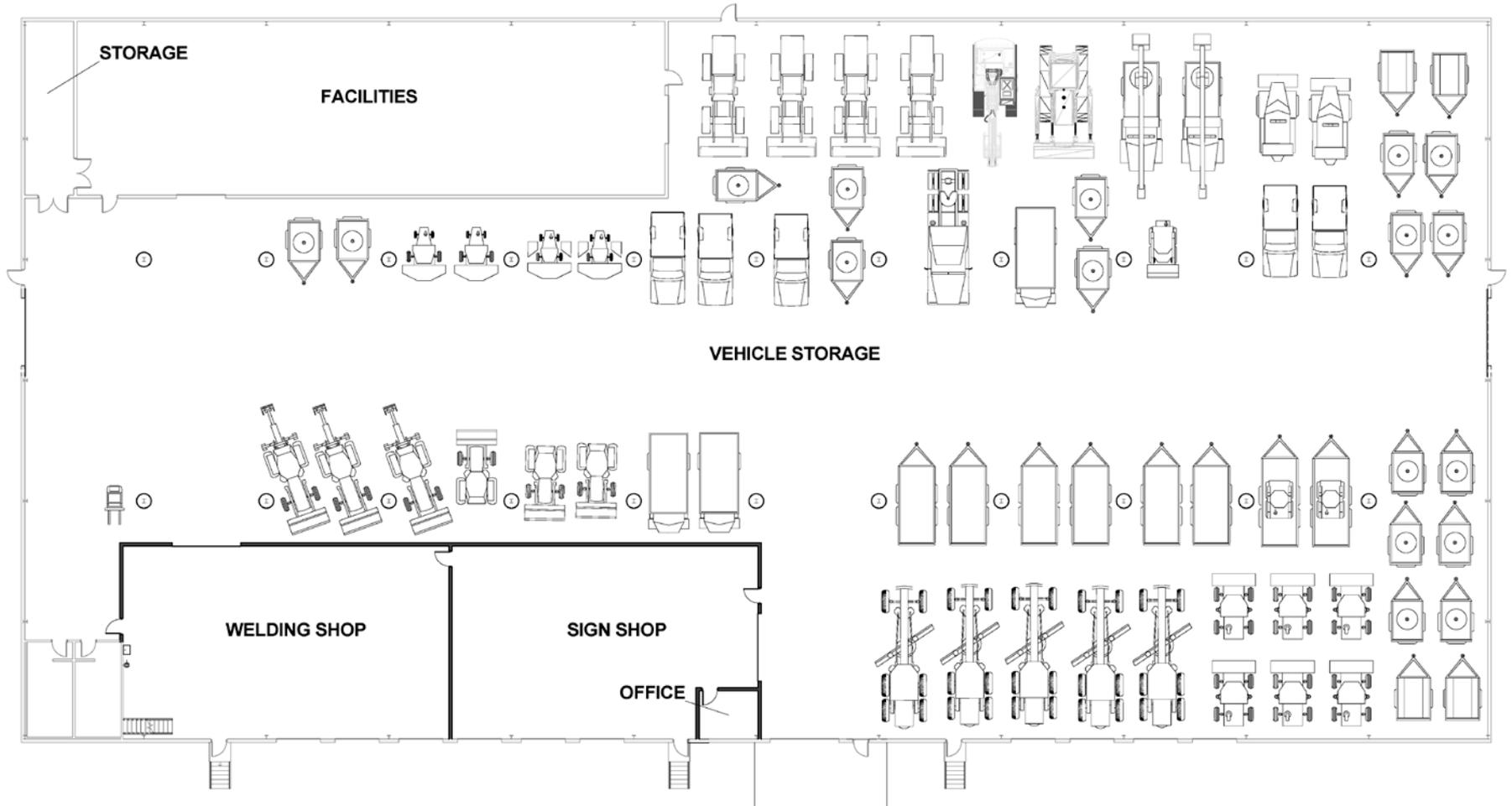
SITE PLAN LAYOUT - OVERALL



SITE PLAN LAYOUT - ENLARGED



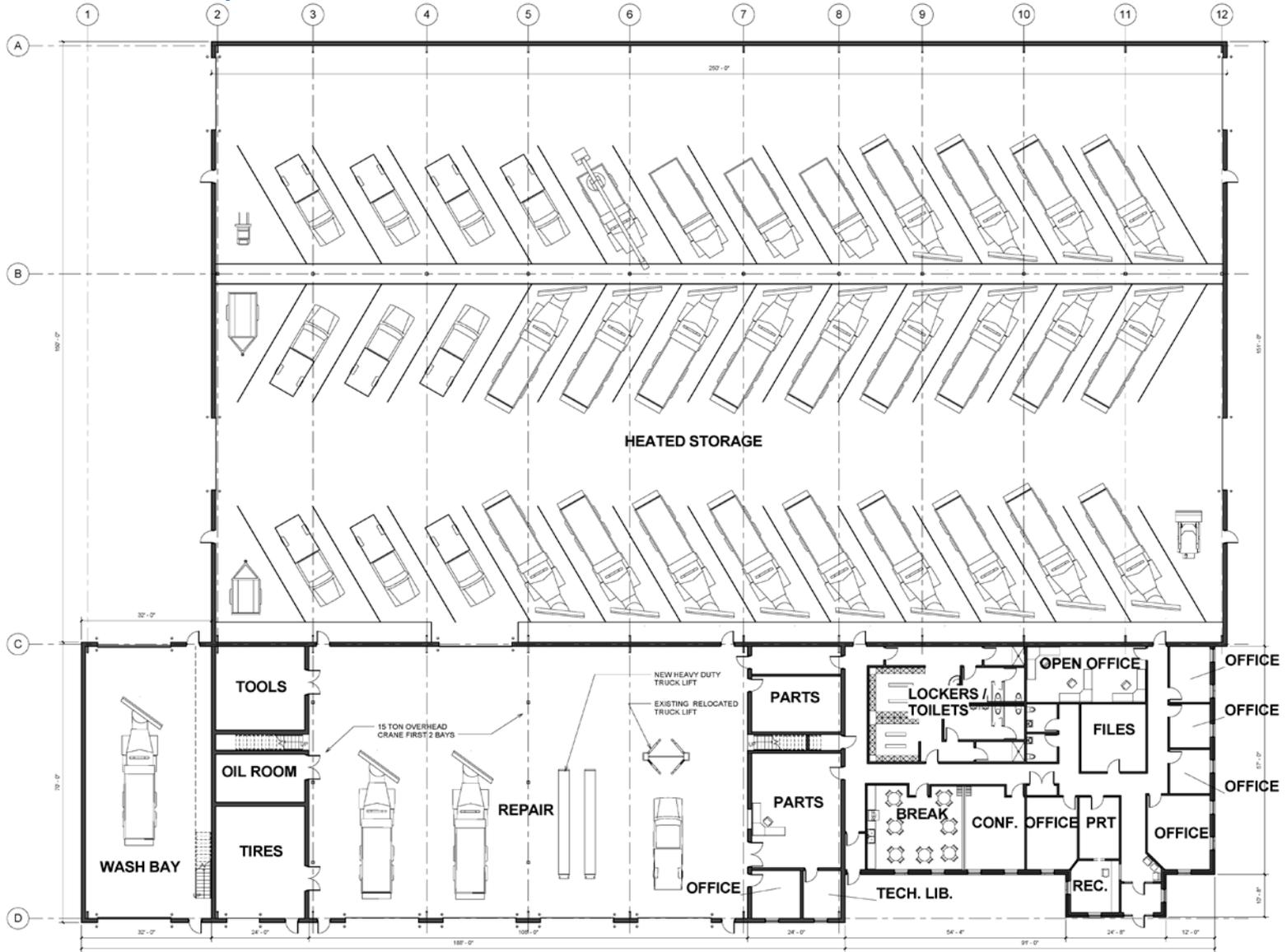
BISHOP BUILDING LAYOUT



- NEW OVERHEAD DOORS (N & S ENDS)
- WALLS & DOORS AT SIGN AND WELD SHOPS

- NEW VENTILATION SYSTEM
- COLUMN GUARDS
- 45,000 S.F.

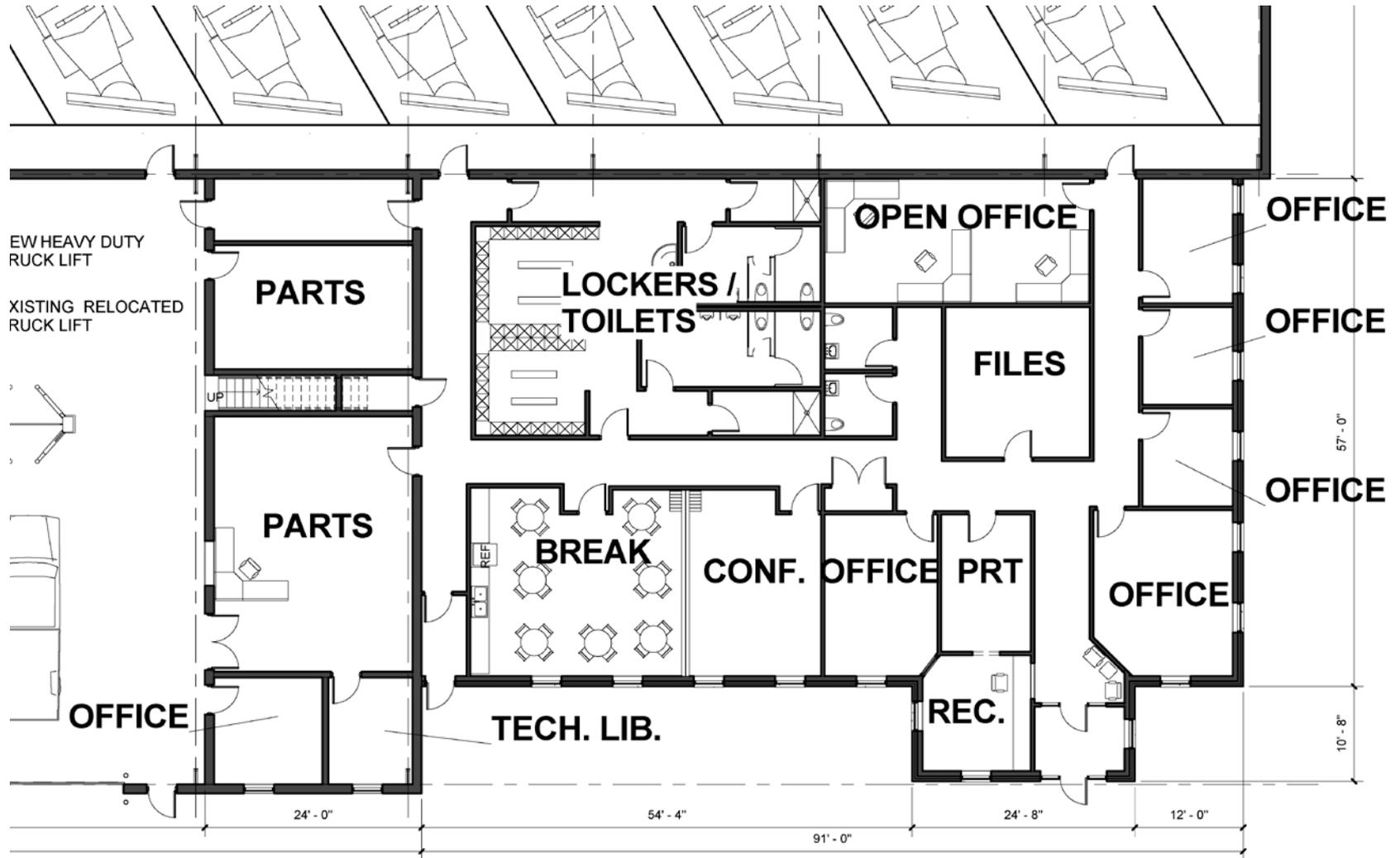
SHOP, HEATED STORAGE AND ADMIN



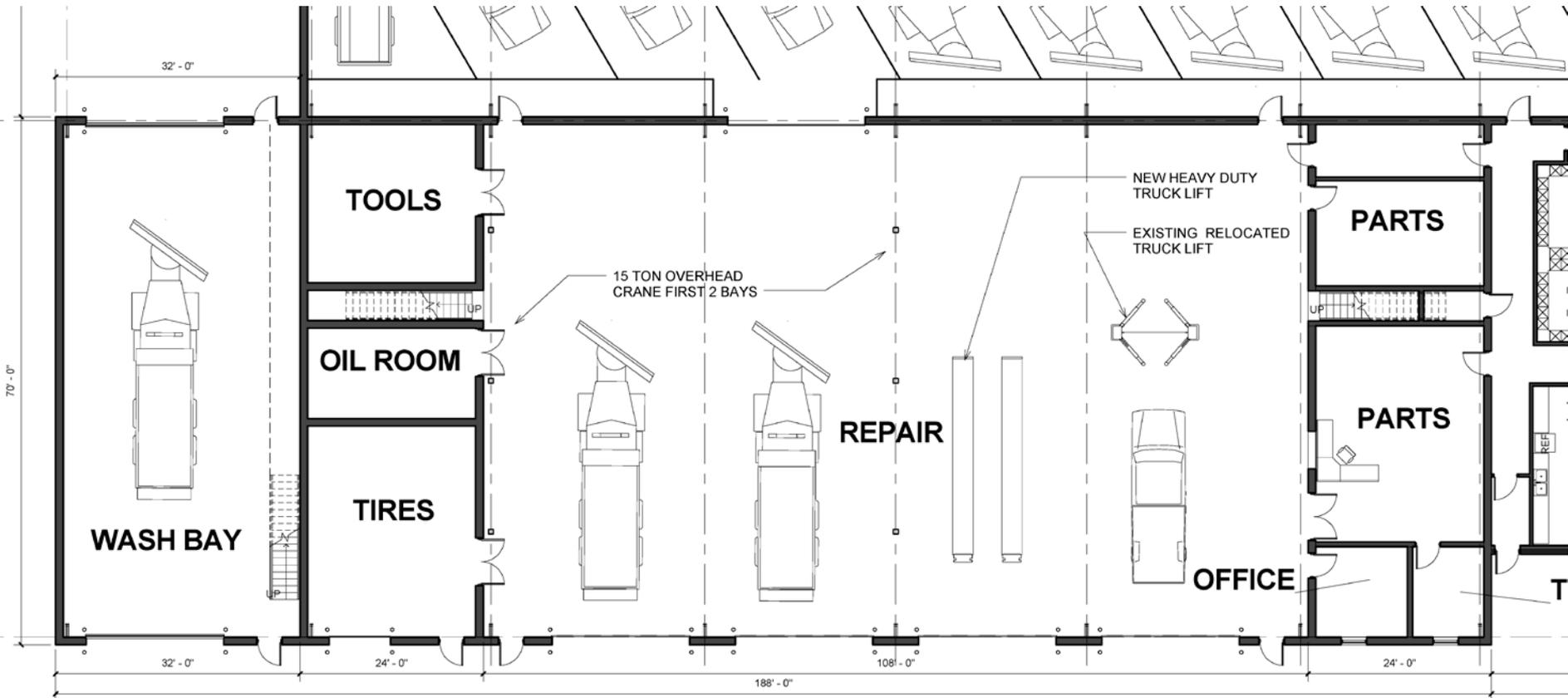
59,560 S.F.

Building a Better World for All of Us®

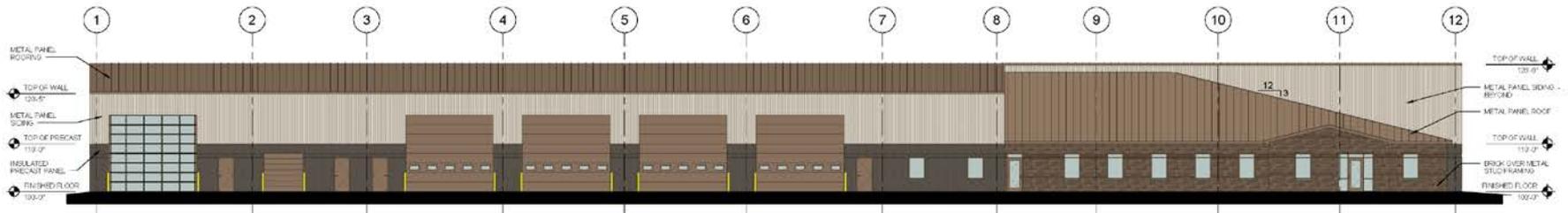
ADMINISTRATION LAYOUT



REPAIR SHOP / CAR WASH LAYOUT



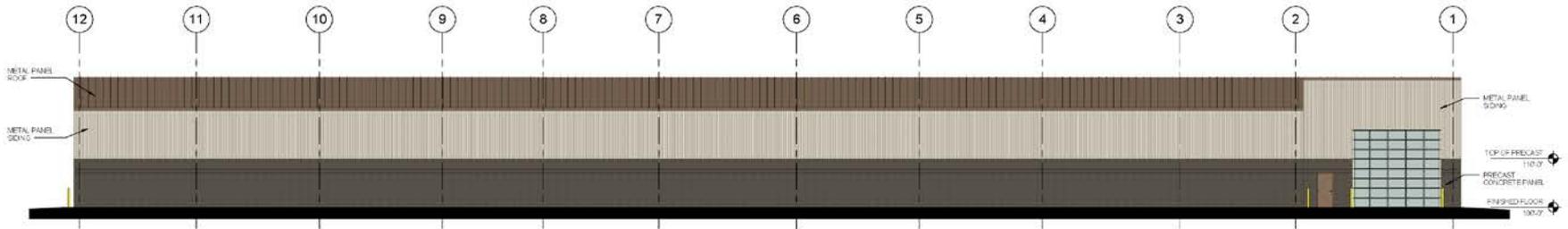
- WASH BAY: 2,240 S.F.
- PARTS / TOOLS / TIRES / OIL: 3,360 S.F.
- REPAIR GARAGE: 7,560 S.F.
- MEZZANINE: 3,360 S.F.



WEST ELEVATION



NORTH ELEVATION



EAST ELEVATION



SOUTH ELEVATION

VIEW FROM SOUTHWEST CORNER OF PHEASANT & LOON



AERIAL VIEW FROM NORTHWEST



Fly around

ESTIMATED CONSTRUCTION COST AT BALSAM LAKE SITE

	AREA (sf)		COST
TOTAL MAIN BUILDING	59,560	\$	9,237,524
TOTAL OTHER STRUCTURES (Bishop building purchase)	45,000	\$	1,778,126 1,100,000
ADDITIONAL LAND/COST (\$15,000/ac)	18		N/A
TOTAL LAND AND FACILITY COSTS	104,560	\$	12,115,650
OTHER COSTS			
TID payments	23,600/yr	\$	470,000
Demolish old shop		\$	205,000
Grand Total, all costs		\$	12,790,650
Value of additional storage	8,500	\$	1,105,000



ESTIMATED CONSTRUCTION COST – ENTIRE PROJECT AT ALTERNATE SITE

	AREA (sf)		COST
TOTAL MAIN BUILDING	74,060	\$	11,521,656
TOTAL OTHER STRUCTURES (COLD STORAGE, SALT SHED, FUEL STATION INCLUDED)	22,000	\$	4,537,080
ADDITIONAL LAND/COST (\$15,000/ac)	18	\$	268,950
TOTAL LAND AND FACILITY COSTS	96,060	\$	16,327,686
OTHER COSTS			
Demolish old shop		\$	205,000
Grand Total, all costs		\$	16,532,686
Additional cost over Option 1		\$	3,742,036
Cost of included Option 1 add'l storage	8,500	\$	1,105,000
Total add'l cost including Option 1 storage		\$	4,847,036

ESTIMATED CONSTRUCTION COST – ENTIRE PROJECT IN TWO PHASES AT ALTERNATE SITE

	Phase One		Phase Two	
	AREA (sf)	COST	AREA (sf)	COST
TOTAL MAIN BUILDING	62,780	\$ 9,937,944	11,280	\$ 1,742,083
TOTAL OTHER STRUCTURES		\$ 661,500	22,000	\$ 4,245,588
ADDITIONAL LAND/COST (\$15,000/ac)	18	\$ 268,950		
TOTAL LAND AND FACILITY COSTS	62,780	10,868,394	33,280	\$ 5,987,671
OTHER COSTS				
Demolish old shop		\$ 205,000		
Grand Total, all costs by phase		\$ 11,073,394		\$ 5,987,671
Grand Total, Entire Project				\$ 17,061,065
Additional cost over Option 1				\$ 4,270,415
Cost of included Option 1 add'l storage			8,500	\$ 1,105,000
Total add'l cost including Option 1 storage				\$ 5,375,415

Questions

Summary, Polk County Highway Facilities Options

	Option 1 Build in Industrial Park in One Phase		Option 2 Build on New Site in One Phase		Option 3 Build on New Site in Two Phases					
					Phase One		Phase Two		Phase One & Two Total	
	AREA (sf)	COST	AREA (sf)	COST	AREA (sf)	COST	AREA (sf)	COST	AREA (sf)	COST
TOTAL MAIN BUILDING	59,560	\$ 9,237,524	74,060	\$ 11,521,656	62,780	\$ 9,937,944	11,280	\$ 1,742,083	74,060	\$ 11,680,027
TOTAL OTHER STRUCTURES (Bishop building purchase)	45,000	\$ 1,778,126 \$ 1,100,000	22,000	\$ 4,537,080		\$ 661,500	22,000	\$ 4,245,588	22,000	\$ 4,907,088
ADDITIONAL LAND/COST (\$15,000/ac)	18	N/A	18	\$ 268,950	18	\$ 268,950				
TOTAL LAND AND FACILITY COSTS	<u>104,560</u>	<u>\$ 12,115,650</u>	<u>96,060</u>	<u>16,327,686</u>	<u>62,780</u>	<u>\$ 10,868,394</u>	<u>33,280</u>	<u>\$ 5,987,671</u>	<u>96,060</u>	<u>\$ 16,587,115</u>
OTHER COSTS										
TID payments	23,600/yr	\$ 470,000								
Demolish old shop		\$ 205,000		\$ 205,000		\$ 205,000				\$ 205,000
Grand Total, all costs		<u>\$ 12,790,650</u>		<u>\$ 16,532,686</u>		<u>\$ 11,073,394</u>		<u>\$ 5,987,671</u>		<u>\$ 17,061,065</u>
Additional cost over Option 1				\$ 3,742,036						\$ 4,270,415
Value of additional storage	8,500	\$ 1,105,000	8,500	\$ 1,105,000					8,500	\$ 1,105,000
Total add'l cost including Option 1 storage				\$ 4,847,036						\$ 5,375,415

POLK COUNTY HIGHWAY FACILITY ESTIMATE AT INDUSTRIAL PARK SITE 17.93 ACRES

	STRUCTURE OR OTHER	AREA	COST/SF	COST
MAIN BUILDING				
	ADIMINISTRATION	5,540	\$ 220.00	\$ 1,218,800
	PARTS/TOOLS	3,360	\$ 150.00	\$ 504,000
	WASHBAY	2,240	\$ 170.00	\$ 380,800
	REPAIR GARAGE	7,560	\$ 170.00	\$ 1,285,200
	OVERHEAD BRIDGE CRANE (15 TON)			\$ 130,000
	HEAVY DUTY TRUCK LIFT (64,00 LB CAP)			\$ 105,000
	HEATED STORAGE	37,500	\$ 130.00	\$ 4,875,000
	MEZZANINE SPACE	3,360	\$ 40.00	\$ 134,400
TOTAL MAIN BUILDING		59,560	\$ 144.95	\$ 8,633,200
OTHER NEW STRUCTURES				
	FUEL STATION			\$ 450,000
	SCALE			\$ 90,000
	SALT / BRINE SHED	12,000	\$ 58.00	\$ 696,000
	STORMWATER MGMT AT 5 ACRE PARCEL			\$ 51,800
	STORMWATER MGMT AT REMAINDER OF SITE			\$ -
TOTAL NEW STRUCTURES				\$ 1,287,800
BISHOP BUILDING WORK				
	TWO NEW O.H. DOORS & SIDING PATCHING			\$ 40,000
	COLUMN PROTECTION			\$ 8,000
	INTERIOR PLUMBING /FIRE PROTECTION			\$ 16,000
welding /sign shop	NEW INTERIOR WALLS/ DOORS/ FINISHES			\$ 50,000
	INTERIOR HVAC WORK			\$ 177,000
	INTERIOR ELECTRICAL WORK			\$ 83,000
TOTAL BISHOP WORK		45,000	\$ 8.13	\$ 374,000
TOTAL FACILITY COSTS		116,560	\$ 88.00	\$ 10,295,000
	ARCH/ENG FEES (APPROX) 7%			\$ 720,650
	TOTAL BUILDING COST			\$ 11,015,650
	PURCHASE OF BISHOP PROPERTIES			\$ 1,100,000
	TOTAL BUILDING & FACILITY ACQUISITION COST			\$ 12,115,650
OTHER COSTS				
	T.I.D PAYMENT TOTAL FOR 20 YEARS			\$ 470,000
	VILLAGE LAND SWAPPED	5 ACRES	15,000 EA	\$ -
	DEMOLITION OF OLD SHOP			\$ 205,000
	TOTAL FOR INDUSTRIAL PARK SITE			\$ 12,790,650

ONE Phase Approach

POLK COUNTY HIGHWAY FACILITY ESTIMATE ON AN UNDEVELOPED SITE OF 17.93 ACRES

	STRUCTURE OR OTHER	AREA	COST/SF	COST
MAIN BUILDING				
	ADIMINISTRATION	5,540	\$ 220.00	\$ 1,218,800
	PARTS/TOOLS	3,360	\$ 150.00	\$ 504,000
	WASHBAY	2,240	\$ 170.00	\$ 380,800
	REPAIR GARAGE	7,560	\$ 170.00	\$ 1,285,200
	OVERHEAD BRIDGE CRANE (15 TON)			\$ 130,000
	WELD AND SIGN SHOP	5,000	\$ 160.00	\$ 800,000
	HEAVY DUTY TRUCK LIFT (64,00 LB CAP)			\$ 105,000
	HEATED STORAGE	47,000	\$ 130.00	\$ 6,110,000
	MEZZANINE SPACE	3,360	\$ 40.00	\$ 134,400
TOTAL MAIN BUILDING		74,060	\$ 144.95	\$ 10,668,200
OTHER NEW STRUCTURES				
	FUEL STATION			\$ 450,000
	COLD STORAGE BUILDING	22,000	\$ 120.00	\$ 2,640,000
	SCALE			\$ 90,000
	SALT / BRINE SHED	12,000	\$ 58.00	\$ 696,000
	STORMWATER MGMT WHOLE SITE			\$ 325,000
				\$ -
TOTAL NEW STRUCTURES				\$ 4,201,000
TOTAL FACILITY COSTS		108,060		\$ 14,869,200
	ARCH/ENG FEES (APPROX) 8%			\$ 1,189,536
TOTAL BUILDING COST				\$ 16,058,736
OTHER COSTS				
	PURCHASE of land at same cost in Balsam Lake	17.93 acres	15,000 EA	\$ 268,950
	DEMOLITION OF OLD SHOP			\$ 205,000
TOTAL FOR BUILD ON A SITE OTHER THAN THE INDUSTRIAL PARK				\$ 16,532,686

TOTAL ESTIMATED SAVINGS \$ 3,742,036

Two Phase Approach

POLK COUNTY HIGHWAY FACILITY ESTIMATE ON AN UNDEVELOPED SITE OF 17.93 ACRES

PHASE 1				
	STRUCTURE OR OTHER	AREA	COST/SF	COST
MAIN BUILDING				
	ADIMINISTRATION	5,540	\$ 220.00	\$ 1,218,800
	PARTS/TOOLS	3,360	\$ 150.00	\$ 504,000
	WASHBAY	2,240	\$ 170.00	\$ 380,800
	REPAIR GARAGE	7,560	\$ 170.00	\$ 1,285,200
	OVERHEAD BRIDGE CRANE (15 TON)			\$ 130,000
	WELD AND SIGN SHOP	5,000	\$ 160.00	\$ 800,000
	HEAVY DUTY TRUCK LIFT (64,00 LB CAP)			\$ 105,000
	HEATED STORAGE	35,720	\$ 130.00	\$ 4,643,600
	MEZZANINE SPACE	3,360	\$ 40.00	\$ 134,400
OTHER NEW STRUCTURES				
	FUEL STATION			\$ 450,000
	STORMWATER MGMT PART of SITE			\$ 162,500
TOTAL CONSTRUCTION PHASE 1		62,780	\$ 144.95	\$ 9,814,300
ARCH/ENG FEES (APPROX) 8%				\$ 785,144
TOTAL COST PHASE 1				\$ 10,599,444

PHASE 2 in FOUR YEARS				
	HEATED STORAGE ADDITION	11,280	\$ 143.00	\$ 1,613,040
	COLD STORAGE BUILDING	22,000	\$ 132.00	\$ 2,904,000
	SCALE			\$ 99,000
	SALT / BRINE SHED	12,000	\$ 63.80	\$ 765,600
	STORMWATER MGMT WHOLE SITE			\$ 162,500
10% increase used as conservitive increase for conctruction costs				\$ -
TOTAL CONSTRUCTION PHASE 2				\$ 5,544,140
ARCH/ENG FEES (APPROX) 8%				\$ 443,531
TOTAL COST OF PHASE 2				\$ 5,987,671
TOTAL COSTS of PHASE 1 and 2				\$ 16,587,115

OTHER COSTS				
	PURCHASE of land at same cost in Balsam Lake	17.93 acres	15,000 EA	\$ 268,950
	DEMOLITION OF OLD SHOP			\$ 205,000
TOTAL FOR BUILD ON A SITE OTHER THAN THE INDUSTRIAL PARK				\$ 17,061,065

TOTAL ESTIMATED SAVINGS \$ 4,270,415



Polk County Board of Supervisors Committee of the Whole

March 9, 2017

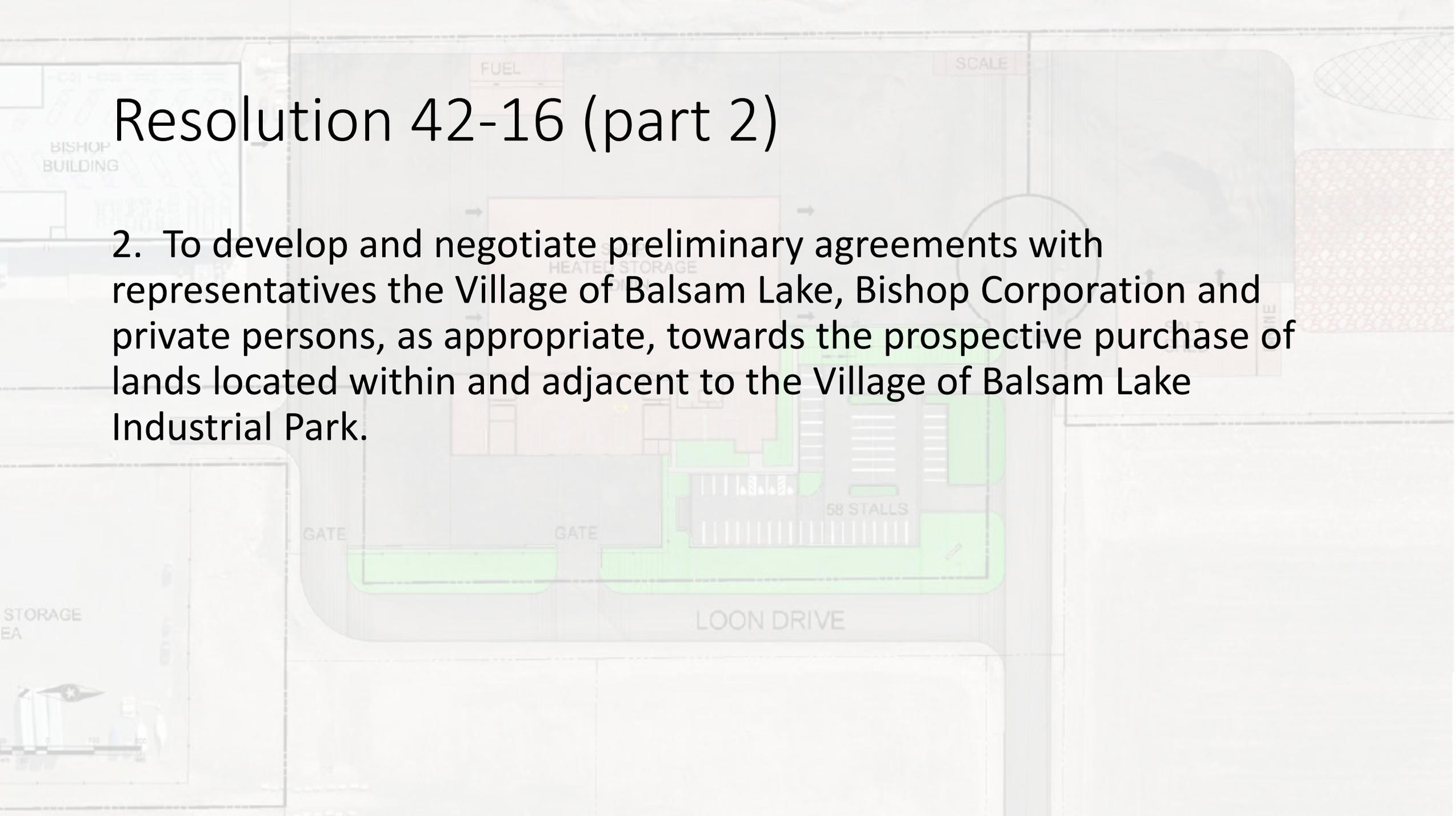
Dana Frey
County Administrator

Preliminary Agreements



Resolution 42-16 (part 2)

2. To develop and negotiate preliminary agreements with representatives the Village of Balsam Lake, Bishop Corporation and private persons, as appropriate, towards the prospective purchase of lands located within and adjacent to the Village of Balsam Lake Industrial Park.



Preliminary Agreements

Bishop Fixtures & Millwork and Village of Balsam Lake

PRELIMINARY AGREEMENT

This Preliminary Agreement is made as of this 8 day of March, 2017, by and among Polk County ("Buyer"), and Morhub of Wisconsin, LLC ("Morhub"), a Wisconsin limited liability company, and Bishop Fixture and Millwork, Inc. ("Bishop"), a Minnesota corporation, (Morhub and Bishop are collectively referred to herein as, "Sellers").

RECITALS

- A. Sellers own property with parcel numbers of 106-00542-1200, 106-00542-1300, and 106-00549-1200 shown on the map marked as Exhibit A (the "Parcels").
- B. The parties have had preliminary discussions regarding a transaction pursuant to which Buyer would purchase the Parcels from Sellers (the "Bishop Transaction") for the purpose of constructing a new county highway facility, as further described in this Preliminary Agreement, the Definitive Document (defined below), and related documents and agreements (the "Global Transaction").
- C. Buyer is also seeking to acquire an additional parcel with a parcel number of 106-00549-1300 (the "Village Parcel") owned by the Village of Balsam Lake (the "Village Transaction"), shown on Exhibit A, as part of the Global Transaction.
- D. Sellers acknowledge that the Bishop Transaction is contingent upon the closing of the Village Transaction and the consummation of the Global Transaction.
- E. The parties desire to set forth their mutual understanding regarding the general terms and conditions of the Bishop Transaction.

PRELIMINARY AGREEMENT

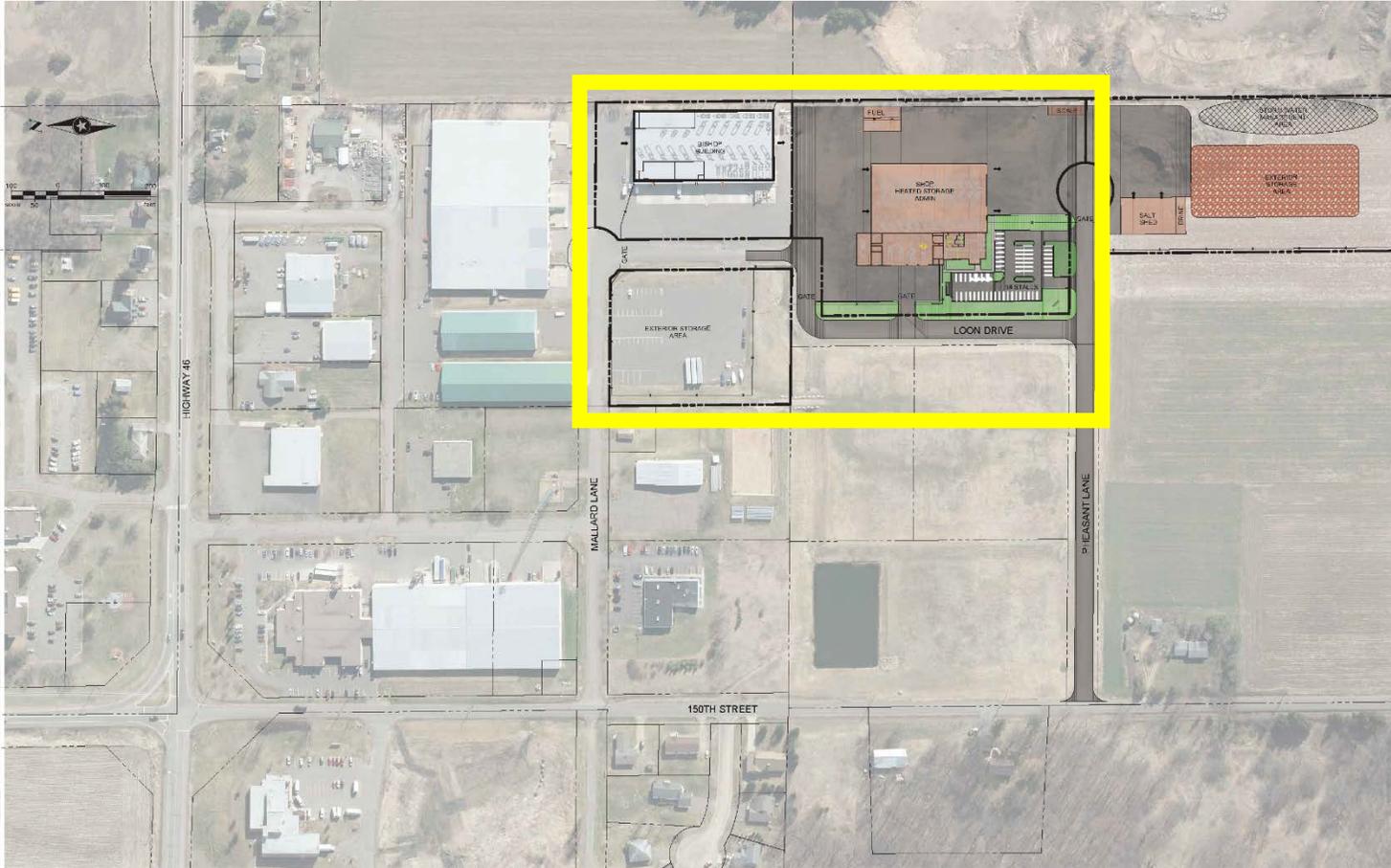
This Preliminary Agreement is made as of 9 day of March, 2017, by and between Polk County (the "County") and Village of Balsam Lake (the "Village").

RECITALS

- A. The Village owns property with a parcel number of 106-00549-1300, shown on the map marked as Exhibit A ("Village Parcel").
- B. The County owns property with parcel numbers of 106-00216-0000, 106-00217-0000, 106-00218-0000, 106-00219-0000, 106-00220-0000, 106-00240-0000, 106-00241-0000, 106-00242-0000, and 106-00248-0000, shown on the map marked as Exhibit B ("County Parcels").
- C. The parties have had preliminary discussions regarding a transaction pursuant to which the Village would transfer to the County the Village Parcel and the County would transfer to the Village the County Parcels pursuant to the authority granted by section 59.52 of the Wisconsin Statutes and a cooperative agreement under section 66.0301 of the Wisconsin Statutes ("Village Transaction") for the purpose of the County constructing a new county highway facility, as further described in this Preliminary Agreement, the Definitive Document (defined below), and related documents and agreements (the "Global Transaction").
- D. The County is also seeking to acquire additional parcels with parcel numbers of 106-00542-1200, 106-00542-1300, and 106-00549-1200 (the "Adjacent Parcels") owned by third-parties ("Bishop Transaction"), shown on Exhibit A.
- E. The Village acknowledges that the Village Transaction is contingent upon the closing of the Bishop Transaction and the consummation of the Global Transaction.

Bishop Parcels

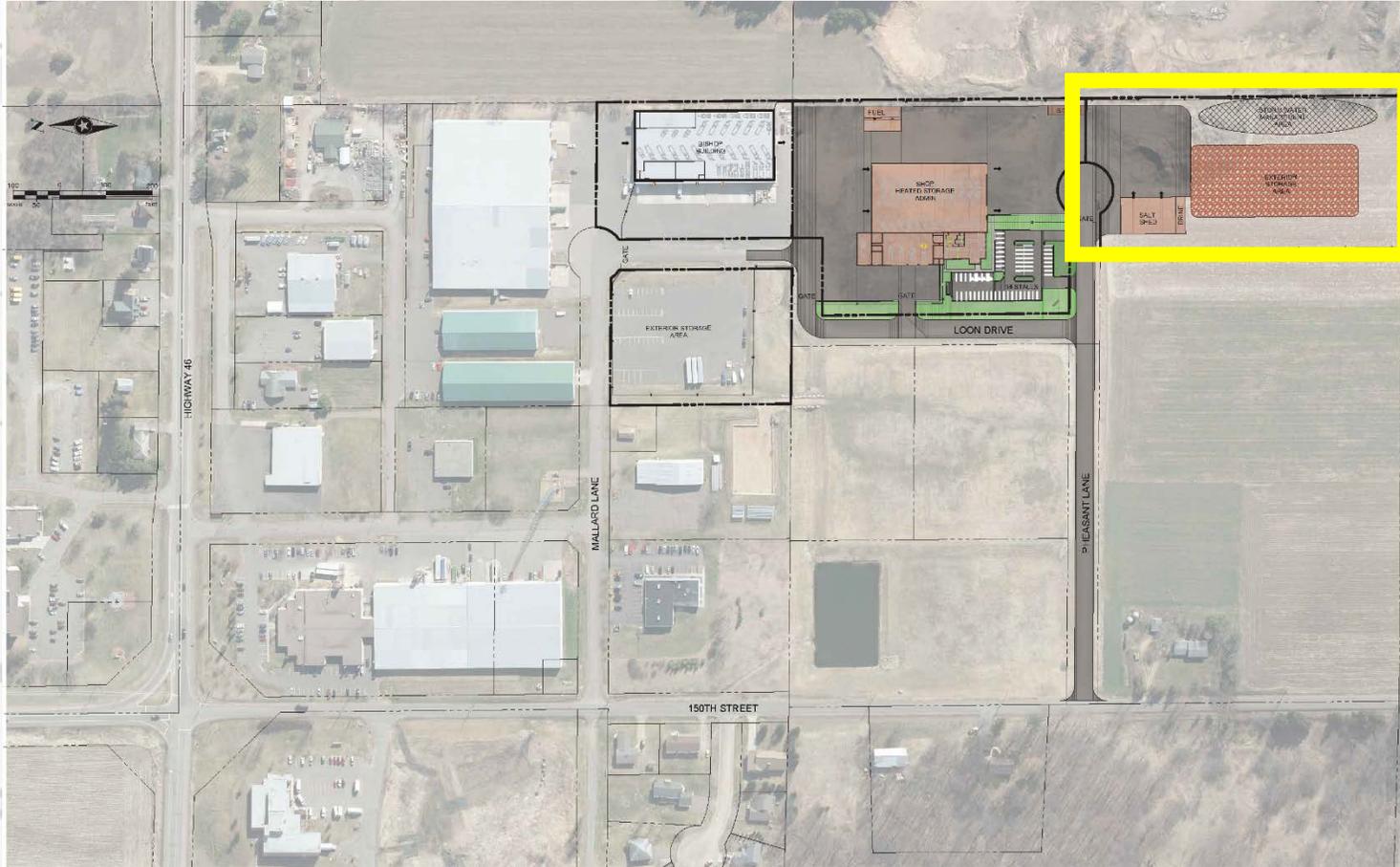
45,000 S.F. Building & 11.18 Acres, Industrial Park



Key Transaction Terms:

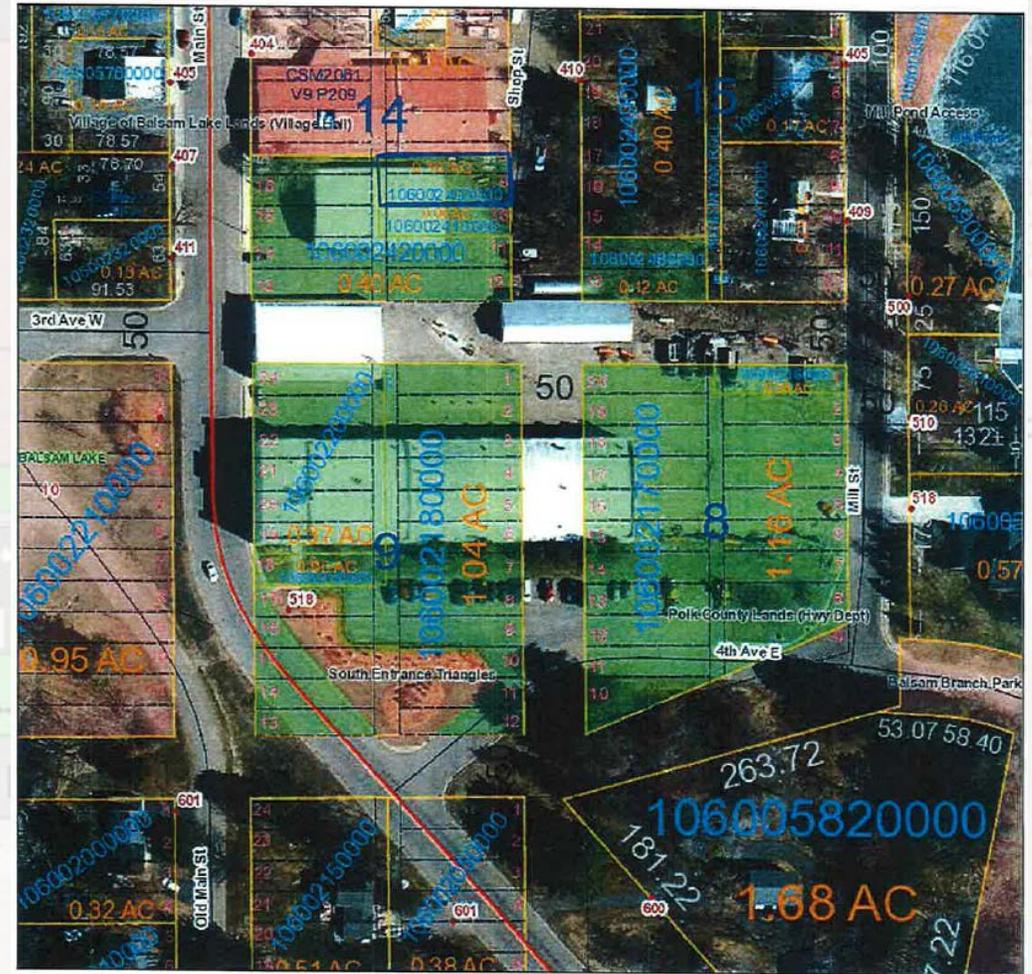
- Purchase Price. Buyer would purchase the Parcel from Sellers for \$1,100,000.00 (the “Purchase Price”) in cash, or other immediately available funds, subject to adjustment, at the closing of the Bishop Transaction (“Closing”) ...
- Amount determined in keeping with WI Statute Chapter 32 Eminent Domain requirements and results of Commercial Appraisal conducted by Gargulak Appraisals, LLC.
- Agreement allows for lease-back of facility after closing for up to 60 days.

Village Parcel – 5.06 Acres, Industrial Park

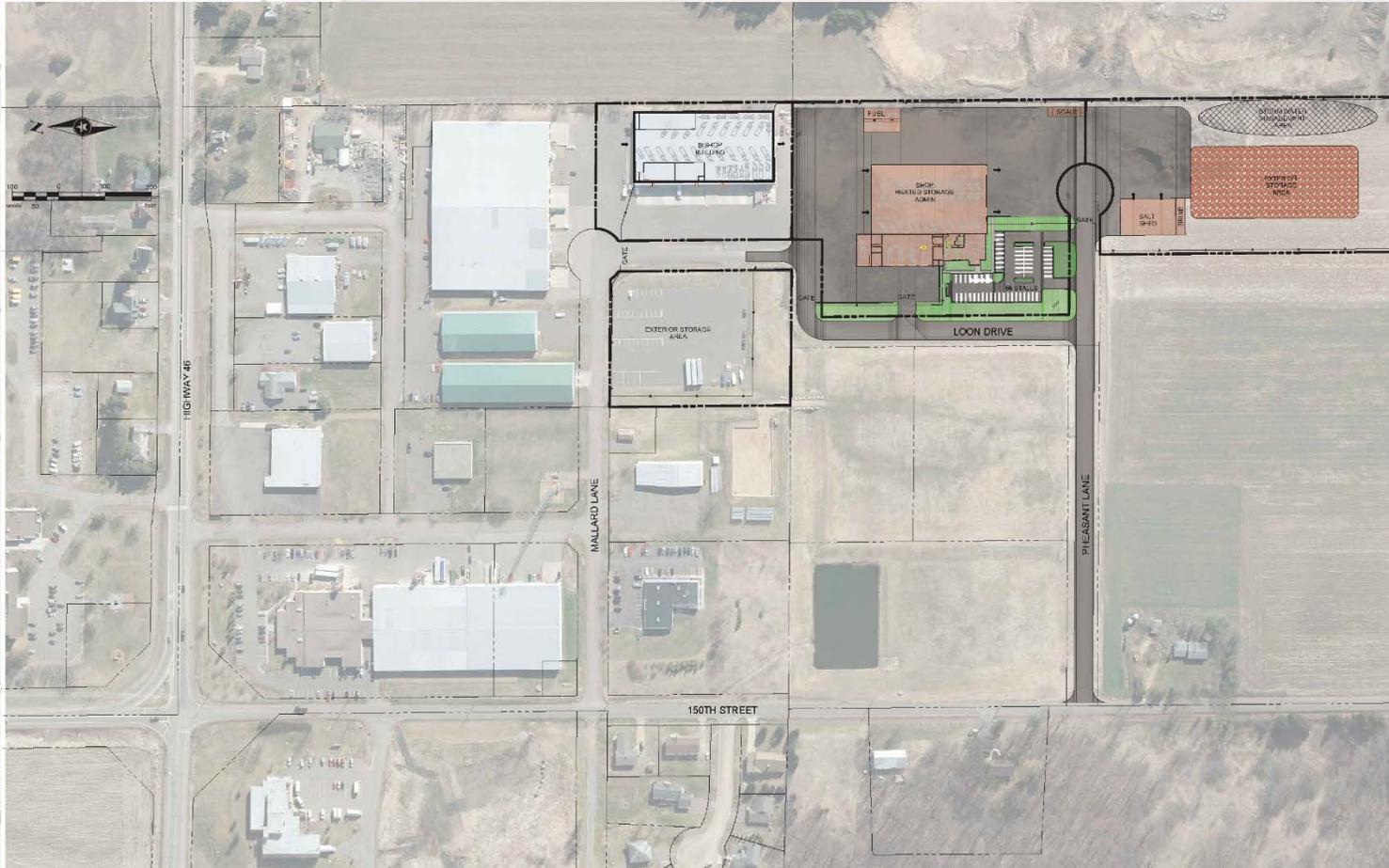


Key Transaction Terms:

- **Remediation of County Parcels.**
The County shall raze and demolish the buildings located on the County Parcels except for the building located on parcel numbers 106-00240-0000, 106-00241-0000, and 106-00242-0000, at the County's expense, remediate environmental issues on the County Parcels originating within the County Parcels, at the County's expense, and under the supervision of the Wisconsin Department of Natural Resources, if necessary.



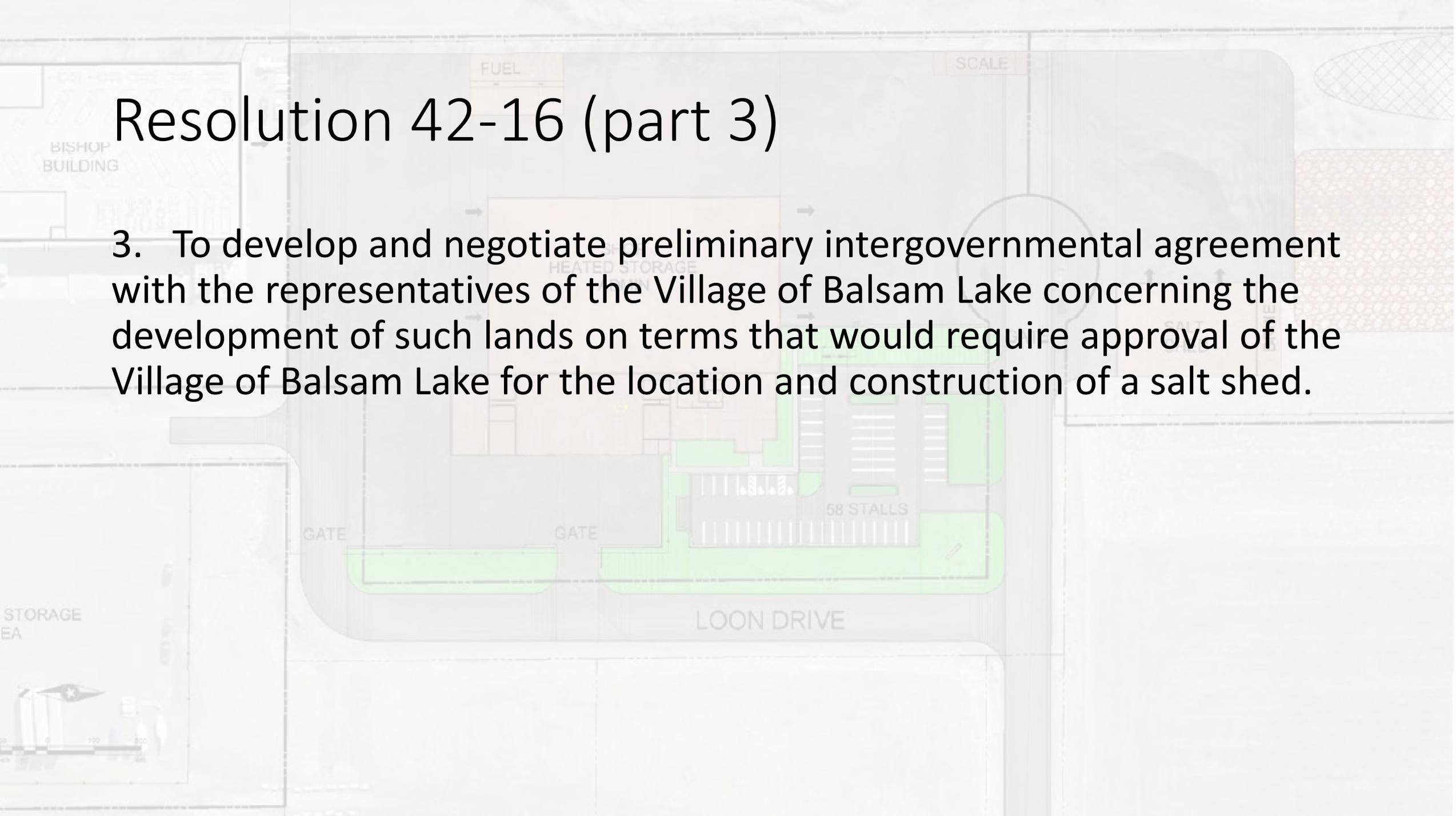
Key Transaction Terms:



- Village will vacate the length of roadway and roundabout and village will have easement access for utilities and for access to village-owned adjacent land parcels.

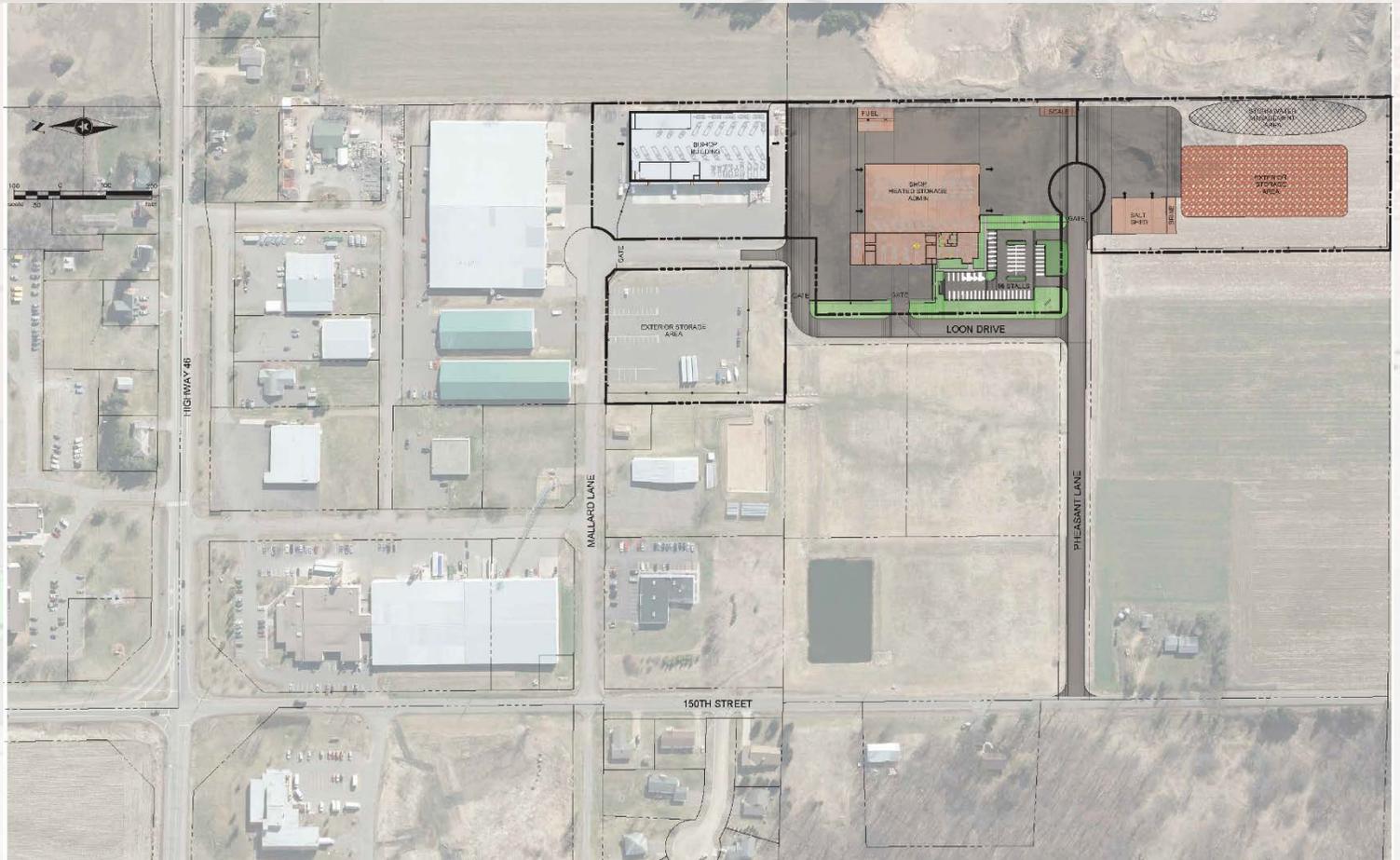
Resolution 42-16 (part 3)

3. To develop and negotiate preliminary intergovernmental agreement with the representatives of the Village of Balsam Lake concerning the development of such lands on terms that would require approval of the Village of Balsam Lake for the location and construction of a salt shed.



Key Transaction Terms:

TID. The County shall assume all TID payments related to the Adjacent Parcels. The County agrees to continue to reimburse the Village annually for improvements to the Adjacent Parcels which would otherwise have been paid through such TID at an amount not to exceed the 2017 payment and for a period not to exceed twenty (20) years or until the termination or dissolution of tax incremental district 3, whichever is earlier.



Part 2: Paying for it



Where we are financially

- Polk County has not had a significant tax increase in over five years
 - Rank 65th of 72 Wisconsin counties in tax increase
- Current budget doesn't have a significant levy increase in 2018 or 2019
- Polk County fund balance has increased from 12.3% to 36.5% of General Fund Expenditures
- Polk County sales tax collections again set a record in 2016

Where are financially: Debt

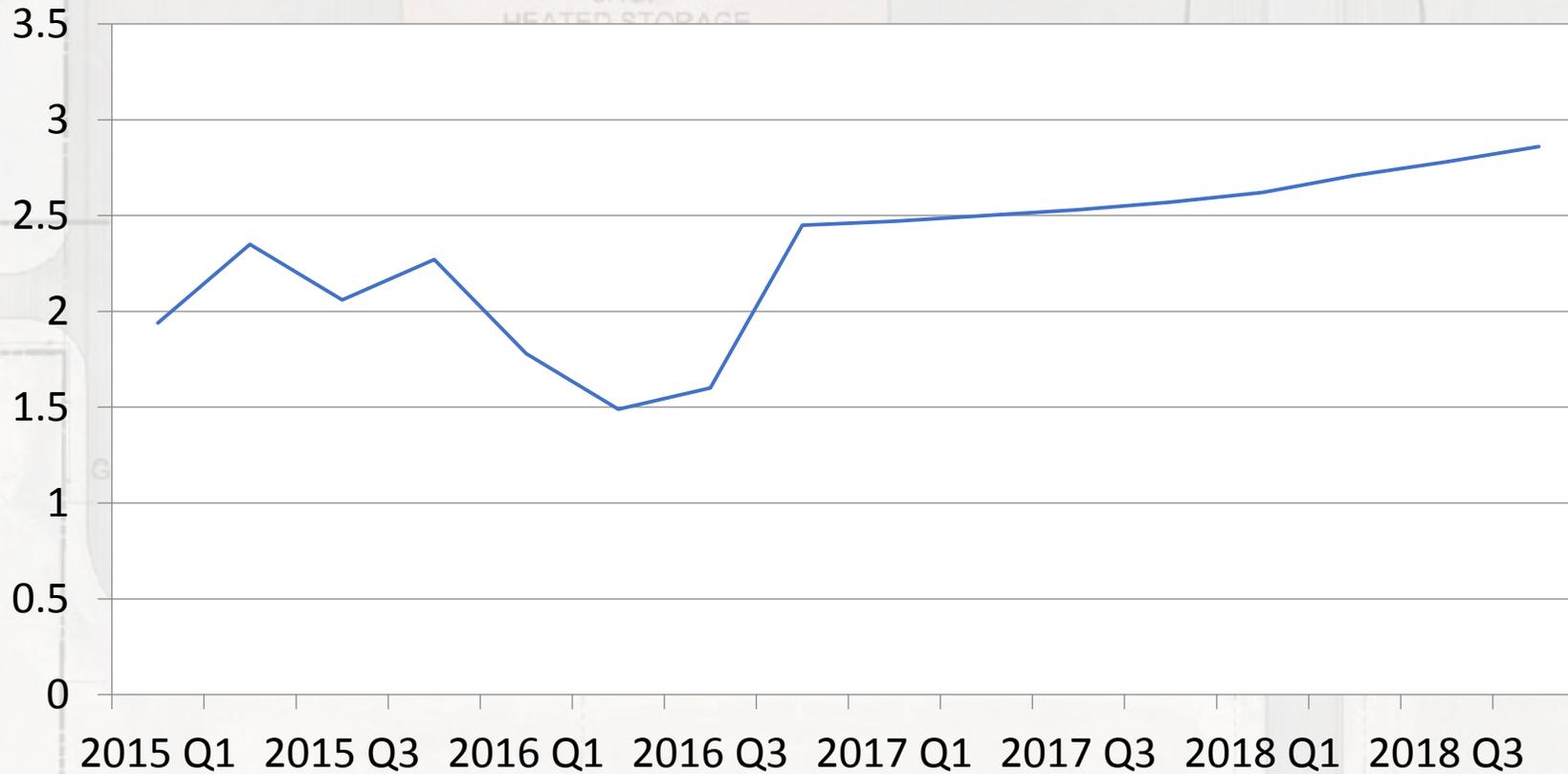
- Since 2010, Polk County has paid \$32.2 million in debt service
- Remaining debt (principal only) is \$6.96 million as of end of year
 - **ALL** debt paid off in next four years
- Moderate debt issue now affordable and prudent
- Recommendation:
 1. Keep debt service less than 15% of levy (\$3.2 million)
 2. No issues longer than 10 years
 3. No escalating debt service payments
- Ability to issue debt every 5 years as needed *without a tax increase*

Why bond now?

- Critical need to replace Highway Facility, other needs
- Declining debt service means County can fund reasonable bond issue without a tax increase
- Perfect timing to refinance 2005 issue and save several hundred thousand dollars in interest
- Interest rates remain near historic lows for the near term, although starting to rise

Interest Rates Historically Low

Ten-year Treasury Note



Source: Wells Fargo Economics

Using fund balance

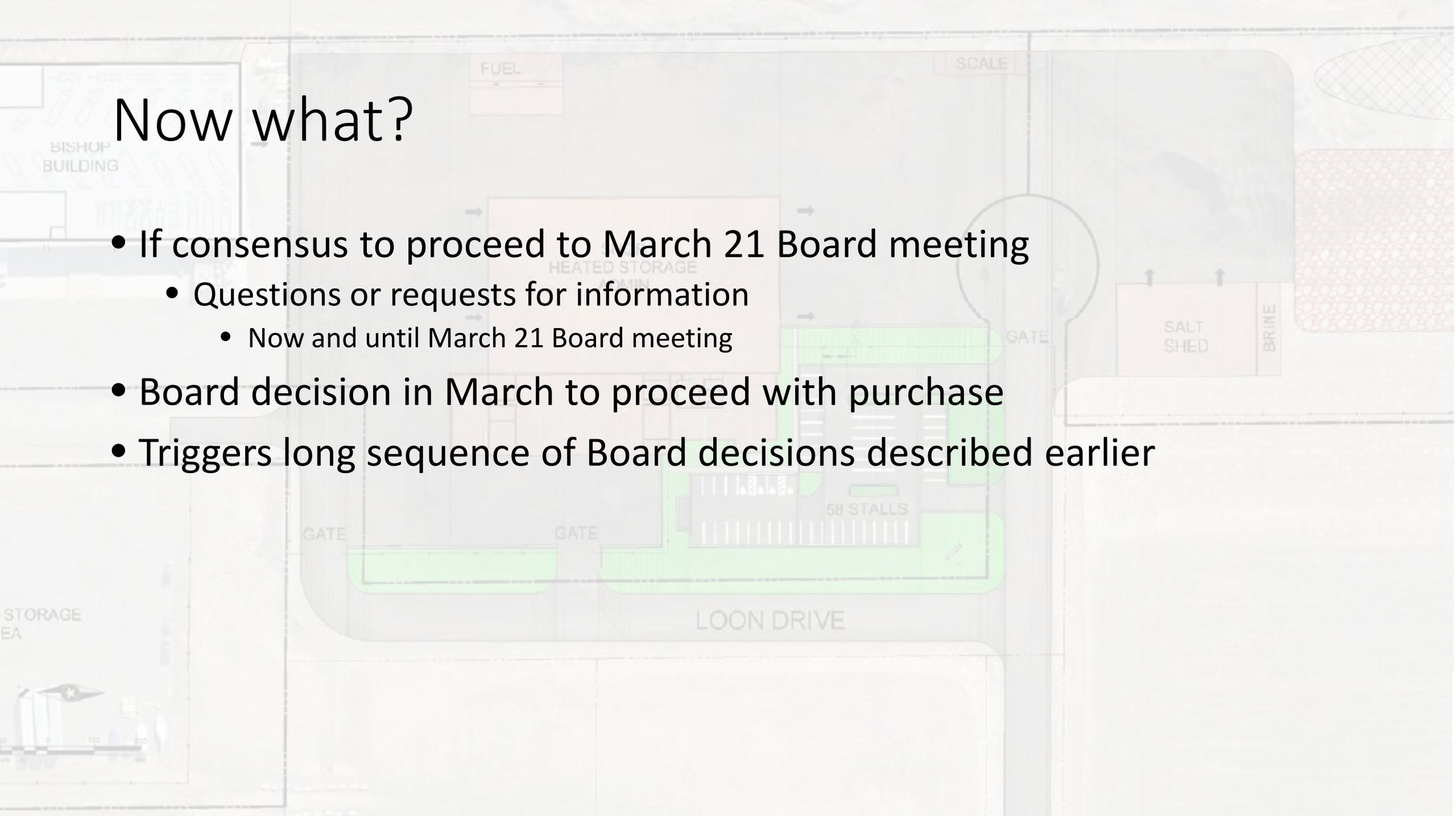
- Polk County is in an excellent financial position
- Fund balance is 36.5 percent of General Fund expenditures
 - Policy calls for 20%; prudent level at least 33%
 - Reducing balance to 33% frees up \$800,000
- Sales tax fund balance is likely larger than needed
- Highway department has an increase in fund balance
- Should be ample opportunity to use fund balance as well as bonding

Recommendation

- Pay cash for Bishop building and land at \$1.1 million
- Bond for new construction only
 - Ten year note
 - Level debt service
- Include other pressing capital needs
 - GAM boiler
 - Highway bridge
 - Fairgrounds grandstand/bleachers
- Total bond issue of around \$11-12 million
 - Pay for demolition of highway shop in 2019 from current revenues
 - Pay special assessments (TID) on an annual basis

Now what?

- If consensus to proceed to March 21 Board meeting
 - Questions or requests for information
 - Now and until March 21 Board meeting
- Board decision in March to proceed with purchase
- Triggers long sequence of Board decisions described earlier



Summary, Board Action

Today	Review site, preliminary agreements	
March 21	Determine whether to proceed with land purchase	
May	Award bids for A&E firm and construction manager	
June	Decide on building specifics and cost	
August	Finalize all design elements	
September	Award contracts	
October	Determine financing (cash and bonds)	Construction starts
November 2017- October 2018	Review construction issues and provide guidance as needed	
October 2018	*** CONSTRUCTION COMPLETED ***	

PRELIMINARY AGREEMENT

This Preliminary Agreement is made as of this 8 day of March, 2017, by and among Polk County ("Buyer"), and Morhub of Wisconsin, LLC ("Morhub"), a Wisconsin limited liability company, and Bishop Fixture and Millwork, Inc. ("Bishop"), a Minnesota corporation, (Morhub and Bishop are collectively referred to herein as, "Sellers").

RECITALS

A. Sellers own property with parcel numbers of 106-00542-1200, 106-00542-1300, and 106-00549-1200 shown on the map marked as Exhibit A (the "Parcels").

B. The parties have had preliminary discussions regarding a transaction pursuant to which Buyer would purchase the Parcels from Sellers (the "Bishop Transaction") for the purpose of constructing a new county highway facility, as further described in this Preliminary Agreement, the Definitive Document (defined below), and related documents and agreements (the "Global Transaction").

C. Buyer is also seeking to acquire an additional parcel with a parcel number of 106-00549-1300 (the "Village Parcel") owned by the Village of Balsam Lake (the "Village Transaction"), shown on Exhibit A, as part of the Global Transaction.

D. Sellers acknowledge that the Bishop Transaction is contingent upon the closing of the Village Transaction and the consummation of the Global Transaction.

E. The parties desire to set forth their mutual understanding regarding the general terms and conditions of the Bishop Transaction.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the respective covenants and conditions contained herein, the parties hereby agree as follows:

1. Definitive Document. Subject to the terms and conditions set forth in this Preliminary Agreement, each party agrees to negotiate in good faith toward execution of one or more documents (the "Definitive Document") setting forth the terms and structure of, and pursuant to which the parties would effectuate, the Bishop Transaction. The parties shall commence such negotiation promptly upon the execution of this Preliminary Agreement and approval of such Preliminary Agreement by authorized representatives of Buyer.

2. Certain Transaction Terms. The parties contemplate that the Definitive Document will contain the following terms:

2.1 Purchase Price. Buyer would purchase the Parcel from Sellers for \$1,100,000.00 (the "Purchase Price") in cash, or other immediately available funds, subject to

adjustment, at the closing of the Bishop Transaction (“Closing”) and such Purchase Price would be allocated between Sellers in amounts to be determined. Buyer has calculated the Purchase Price on the basis of information currently known to Buyer and on the basis of certain assumptions. The Purchase Price may be subject to negotiation and change based on newly discovered information through the due diligence process or otherwise prior to the Closing.

2.2 Liabilities. Sellers acknowledge and agree that except as specifically set forth in the Definitive Document or any written assignment and assumption agreements for any specific contracts or other agreements to be delivered at Closing, Buyer has not assumed and will not assume any liabilities or obligations of Seller. All non-assumed liabilities and obligations shall remain the responsibility of Sellers, who shall pay and discharge the same related to the Parcels as of Closing.

2.3 TID. Buyer shall assume all TID payments related to the Parcels. Buyer agrees to continue to reimburse the Village of Balsam Lake annually for improvements to the Parcels which would otherwise have been paid through such TID at an amount not to exceed the 2017 payment and for a period not to exceed twenty (20) years or until the termination or dissolution of tax incremental district 3, whichever is earlier.

2.4 Lease of Parcels. After the Closing, Sellers shall have the option to lease the Parcels from Buyer at no or minimal consideration for a period of up to sixty (60) days for the purpose of allowing Sellers time to vacate the Parcels.

2.5 Closing Contingencies. The Definitive Document will provide for certain conditions to Closing, including the general contingencies of a standard commercial real estate transaction including, but not limited to, contingencies related to financing, title, survey, and environmental.

2.6 Due Diligence. From and *after* the date that this Preliminary Agreement has been executed by all parties and has been approved by the Polk County Board, Sellers will authorize its management to allow Buyer and its advisors full access to the facilities, records, key employees and advisors for the purpose of completing Buyer’s due diligence review. The due diligence investigation will include, but is not limited to, a complete review of the financial, legal, tax, environmental, intellectual property and labor records and agreements of the Parcels, and any other matters as Buyer’s accountants, tax and legal counsel, and other advisors deem relevant.

2.7 Contingent Transaction. The parties acknowledge that the Closing is contingent upon the closing of the Village Transaction and consummation of the Global Transaction.

3. County Board. Buyer shall present this Preliminary Agreement to the Polk County Board-Committee of the Whole at the March 9, 2017, meeting, and the Polk County Board at the March 21, 2017, meeting.

4. Subject to Definitive Document. The terms of this Preliminary Agreement are subject entirely to the execution and delivery of the Definitive Document. Any inconsistencies between this Preliminary Agreement and the Definitive Document shall be resolved in favor of the Definitive Document. If this Preliminary Agreement is terminated or if the Polk County Board does not approve the Preliminary Agreement, all rights and obligations of the parties that arise under this Preliminary Agreement will terminate, and each party will be deemed to release the other party from all such terminated obligations.

5. Non-binding Preliminary Agreement. Nothing contained in this Preliminary Agreement shall be binding upon either Sellers or Buyer.

Signature Page to Follow

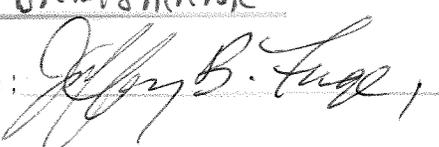
IN WITNESS WHEREOF, the parties hereto have executed this Preliminary Agreement as of the date first written above.

POLK COUNTY

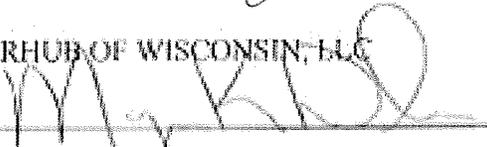
By:  Dated: 3/8/17

Name: DANA W. FREY

Title: COUNTY ADMINISTRATOR

Approved as to Form:  Jeffrey B. Fugle, Corporation Counsel

MORHUB OF WISCONSIN, LLC

By:  Dated: 3/8/17

Name: MORBANK K. NELSON

Title: PRESIDENT - 50% OWNER

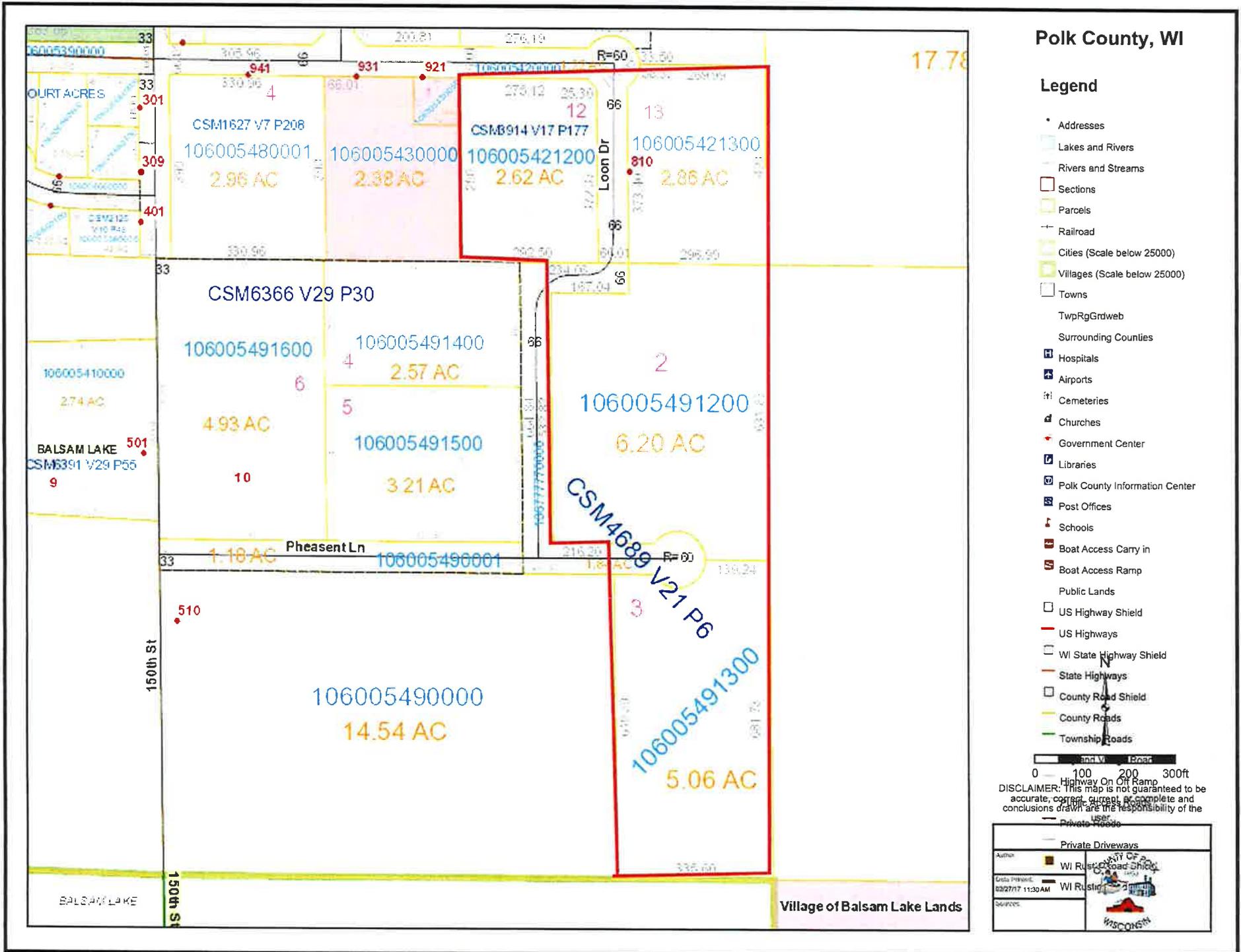
BISHOP FIXTURE AND METALWORK, INC.

By:  Dated: 3/8/17

Name: MORBANK K. NELSON

Title: VICE PRESIDENT - 50% OWNER

EXHIBIT A



Polk County, WI

Legend

- Addresses
- Lakes and Rivers
- Rivers and Streams
- ▭ Sections
- ▭ Parcels
- Railroad
- ▭ Cities (Scale below 25000)
- ▭ Villages (Scale below 25000)
- ▭ Towns
- ▭ TwpRgGrdweb
- ▭ Surrounding Counties
- ▭ Hospitals
- ▭ Airports
- ▭ Cemeteries
- ▭ Churches
- ▭ Government Center
- ▭ Libraries
- ▭ Polk County Information Center
- ▭ Post Offices
- ▭ Schools
- ▭ Boat Access Carry in
- ▭ Boat Access Ramp
- ▭ Public Lands
- ▭ US Highway Shield
- US Highways
- ▭ WI State Highway Shield
- State Highways
- ▭ County Road Shield
- County Roads
- Township Roads

0 100 200 300ft
 Highway On Off Ramp

DISCLAIMER: This map is not guaranteed to be accurate, correct, current, or complete and conclusions drawn are the responsibility of the user.

Author	WI RUS
Date Printed	02/27/17 11:30 AM
Sources	WI RUS

WISCONSIN

PRELIMINARY AGREEMENT

This Preliminary Agreement is made as of 9 day of March, 2017, by and between Polk County (the "County") and Village of Balsam Lake (the "Village").

RECITALS

- A. The Village owns property with a parcel number of 106-00549-1300, shown on the map marked as Exhibit A ("Village Parcel").
- B. The County owns property with parcel numbers of 106-00216-0000, 106-00217-0000, 106-00218-0000, 106-00219-0000, 106-00220-0000, 106-00240-0000, 106-00241-0000, 106-00242-0000, and 106-00248-0000, shown on the map marked as Exhibit B ("County Parcels").
- C. The parties have had preliminary discussions regarding a transaction pursuant to which the Village would transfer to the County the Village Parcel and the County would transfer to the Village the County Parcels pursuant to the authority granted by section 59.52 of the Wisconsin Statutes and a cooperative agreement under section 66.0301 of the Wisconsin Statutes ("Village Transaction") for the purpose of the County constructing a new county highway facility, as further described in this Preliminary Agreement, the Definitive Document (defined below), and related documents and agreements (the "Global Transaction").
- D. The County is also seeking to acquire additional parcels with parcel numbers of 106-00542-1200, 106-00542-1300, and 106-00549-1200 (the "Adjacent Parcels") owned by third-parties ("Bishop Transaction"), shown on Exhibit A.
- E. The Village acknowledges that the Village Transaction is contingent upon the closing of the Bishop Transaction and the consummation of the Global Transaction.
- F. The parties desire to set forth their mutual understanding regarding the general terms and conditions of the Village Transaction.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the respective covenants and conditions contained herein, the parties hereby agree as follows:

1. Definitive Document. Subject to the terms and conditions set forth in this Preliminary Agreement, each party agrees to negotiate in good faith toward execution of one or more documents (the "Definitive Document") setting forth the terms and structure of, and pursuant to which the parties would effectuate, the Village Transaction. The parties shall commence such negotiation promptly upon the execution of this Preliminary Agreement and approval of such Preliminary Agreement by authorized representatives of both the Village and the County.

2. Certain Transaction Terms. The parties contemplate that the Definitive Document will contain the following general terms:

2.1 Purchase Price. The Village conveying the Village Parcel to the County in exchange for the County conveying the County Parcels to the Village is adequate and sufficient consideration and the purchase price is \$0 with respect to the County Parcels and the Village Parcel.

2.2 Lease of County Parcels. After the closing of the Village Transaction (“Closing”) and as a condition to the Village Transaction, the Village shall lease the County Parcels to the County for the sum of \$1 per year pursuant to a lease to be negotiated between the parties (the “Lease”).

2.3 Remediation of County Parcels. The County shall raze and demolish the buildings located on the County Parcels except for the building located on parcel numbers 106-00240-0000, 106-00241-0000, and 106-00242-0000, at the County’s expense, remediate environmental issues on the County Parcels originating within the County Parcels, at the County’s expense, and under the supervision of the Wisconsin Department of Natural Resources, if necessary. The Lease shall terminate once the County has vacated the County Parcels and the County Parcels are cleared in a manner that is generally acceptable to the Village but no later than September 15, 2019, including completion of this clearance.

2.4 Vacation of public-right-of ways. A part of Pheasant Lane and a part of Loon Drive will be vacated and discontinued in accordance with the Wisconsin Statutes and as shown on Exhibit C.

2.5 Utility Easement. The County shall grant the Village easements necessary for the Village to install and maintain utilities to and across the Village Parcel and Adjacent Parcels.

2.6 Salt Shed. The County contemplates constructing a salt shed on the Village Parcel after the Closing, and the Village agrees that the salt shed’s proposed location as shown on Exhibit C is acceptable with DNR approval.

2.7 TID. The County shall assume all TID payments related to the Adjacent Parcels. The County agrees to continue to reimburse the Village annually for improvements to the Adjacent Parcels which would otherwise have been paid through such TID at an amount not to exceed the 2017 payment and for a period not to exceed twenty (20) years or until the termination or dissolution of tax incremental district 3, whichever is earlier.

2.8 Contingent Transaction. The parties acknowledge that the Closing is contingent upon the closing of the Bishop Transaction and consummation of the Global Transaction. The parties acknowledge that the Closing is contingent upon the general contingencies of a standard commercial real estate transaction including, but not limited to, contingencies related to title, survey, and environmental.

3. Village Board. The Village shall present this Preliminary Agreement to its Board of Trustees at the March 6, 2017, meeting.

4. County Board. The County shall present this Preliminary Agreement to its County Board-Committee of the Whole at the March 9 2017, meeting, and the County Board at the March 21, 2017, meeting.

5. Subject to Definitive Document. The terms of this Preliminary Agreement are subject entirely to the execution and delivery of the Definitive Document. Any inconsistencies between this Preliminary Agreement and the Definitive Document shall be resolved in favor of the Definitive Document. If this Preliminary Agreement is terminated or if the County or Village do not approve the Preliminary Agreement, all rights and obligations of the parties that arise under this Preliminary Agreement will terminate, and each party will be deemed to release the other party from all such terminated obligations.

6. Non-binding Preliminary Agreement. Nothing contained in this Preliminary Agreement shall be binding upon either the Village or the County.

Signature Page to Follow

IN WITNESS WHEREOF, the parties hereto have executed this Preliminary Agreement as of the date first written above.

POLK COUNTY

By: *Dana W Foley*

Dated: 3-9-17

Name: DANA W FOLEY

Title: COUNTY ADMINISTRATOR

Approved as to Form : _____

VILLAGE OF BALSAM LAKE

By: *Geno D'Agostino*

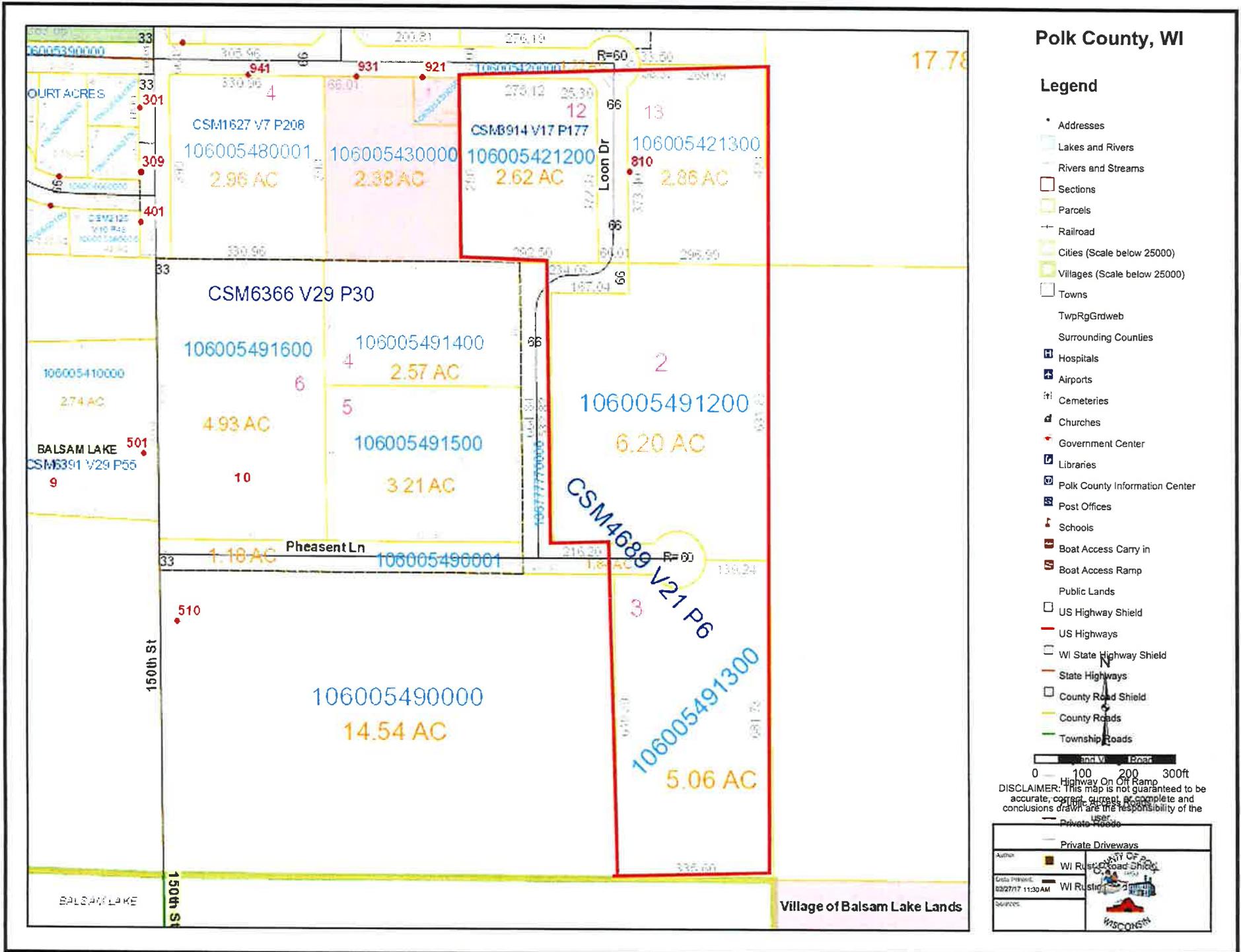
Dated: 3-9-17

Name: Geno D'Agostino

Title: Village President

Approved as to Form : _____

EXHIBIT A



Polk County, WI

Legend

- Addresses
- Lakes and Rivers
- Rivers and Streams
- ▭ Sections
- ▭ Parcels
- Railroad
- ▭ Cities (Scale below 25000)
- ▭ Villages (Scale below 25000)
- ▭ Towns
- ▭ TwpRgGrdweb
- ▭ Surrounding Counties
- ▭ Hospitals
- ▭ Airports
- ▭ Cemeteries
- ▭ Churches
- ▭ Government Center
- ▭ Libraries
- ▭ Polk County Information Center
- ▭ Post Offices
- ▭ Schools
- ▭ Boat Access Carry in
- ▭ Boat Access Ramp
- ▭ Public Lands
- ▭ US Highway Shield
- US Highways
- ▭ WI State Highway Shield
- State Highways
- ▭ County Road Shield
- County Roads
- Township Roads

0 100 200 300ft
 Highway On Off Ramp

DISCLAIMER: This map is not guaranteed to be accurate, correct, current, or complete and conclusions drawn are the responsibility of the user.

Author	WI RUS
Date Printed	02/27/17 11:30 AM
Sources	WI RUS

WISCONSIN

EXHIBIT B

