



**FOREST LAKE AREA SCHOOLS
FOREST LAKE, MN 55025**

May 2, 2013

AGENDA ITEM: 10.3

TOPIC: APPROVE ICE ARENA PURCHASE AGREEMENT

BACKGROUND: The Forest Lake Area Athletic Association (FLAAA) approached the school district administration in December 2011 offering the school district a "first look" at acquiring the hockey arena. The school district appointed a task force with representatives from the city, school district and FLAAA to review the possibility. The first action of the task force was to recommend that the school district hire Ehler's and Associates to conduct an independent feasibility study.

The School District's Building and Grounds Committee and the Finance Committee analyzed the project during that feasibility study phase and concluded that in order for this project to be successful, the purchase would have to be below the appraised market value of \$5 million for the building and contents.

PROCESS: The School District made an initial offer to FLAAA on June 19, 2012. Over the course of the last ten months, counter offers were exchanged between the district and FLAAA. In April 2013, the FLAAA executive committee agreed in principle to the school District's last offer of \$3,300,000. It is expected that the FLAAA Board will consider and approve the purchase agreement on May 1st. At this reduced purchase price, the School District is projecting a positive cash flow and a positive contribution to General Fund operations

RECOMMENDATION: Administration recommends that the School Board approve the attached purchase agreement with FLAAA for the Ice Arena and Sports Center in the amount of \$3,300,000.