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A Message from the Mayor

SMSC Cooperative Agreement

Commissioner Marschall wrote an excellent column last week on a very complex issue. She laid out the history of fee-to-trust actions by the SMSC; her reasons for opposition on philosophical and political grounds; her understanding of the motivation by the SMSC for expansion of tribal lands; and the pragmatic rationale by the County Board for remaining neutral in most circumstances.

I mainly echo her views. Here's my analysis of the situation and my position.

Three factors create "rules of the road" for us. First, the City has no authority to prohibit property acquisitions by the SMSC. All property owners enjoy unrestricted rights to solicit offers from all interested parties when they consider selling.

Second, the SMSC won't sell any property they buy. Once purchased, they consider it a permanent fixture of the tribal holdings, whether in fee or trust status. SMSC leaders repeatedly write and state this intention, and their behavior has reinforced it for decades.

Third, the SMSC won't develop any land until it's placed in trust.

These three points define our reality regarding SMSC land holdings. My position is that we need to accept them and work to strengthen relationships with tribal leadership so that both communities' leaders understand one another's interests and concerns. Then, we have the best opportunity to meet both communities' needs over time. On this, Commissioner Marschall and I are in complete agreement.

Here is the key lesson: the action that affects the future tax base of the City is not the fee-to-trust transfer, but rather any property acquisition. Once purchased, SMSC land will never become fully developed as taxable property. In reality, opponents of fee-to-trust desire that the SMSC stops acquiring land in Prior Lake.

Importantly, SMSC property requires no city services other than police, which they pay for through contributions. So while we won't gain future taxable development, we also avoid increases in costs for services.

Shortly after I was elected Mayor, the City Manager and I began a regular series of informal meetings with the Tribal Chairman and Tribal Administrator. We meet every eight weeks or so, discussing topics of mutual interest. Early on, I raised Prior Lake's annexation area in Spring Lake Township. I stressed how important that area was to the city's long term future; how critical the Menden property was to opening the annexation area for development; how many millions the city had already invested in anticipation of future development; and how serious an issue it would be for the City should the SMSC acquire land holdings there. I also noted that the City needed to work with whomever purchased the

Menden land; that we knew the SMSC had expressed interest over many years and that they were a potential buyer.

Over the past two years, several observations are worth noting. Even as the SMSC expanded their land holdings to the southwest, next to the annexation area, they have steered clear of any property acquisitions there. We learned that their interest is developing the land between Spring Lake Regional Park and Howard Lake as a residential neighborhood, and that they would only develop the land after it's placed in trust status.

Several potential buyers pursued discussions with the Menden family while the family contacted the SMSC. The SMSC was the successful bidder, and closed on the purchase in September 2014. Then, the Chairman and I asked the Tribal Administrator and City Manager to begin crafting a cooperative agreement that would meet the needs of both communities. The SMSC agreed to include a clause in the agreement indicating they don't intend on acquiring land in our annexation area, and if a transaction emerges, they will enter into good faith negotiations to address the impact on our utilities infrastructure.

Negotiations continue to resolve significant remaining issues. I have some concerns and my colleagues on the Council have others. I support this agreement if the remaining concerns are adequately addressed. It gets the project done at the lowest cost to the city, opening up the annexation area to future development. It acknowledges the critical interests of the SMSC, and it includes statements of their intent to avoid property acquisitions in the annexation area.

Sincerely,
Mayor Ken Hedberg