

White City Council Special Meeting Minutes March 21, 2016

The special meeting of the White City Council was called to order on Monday March 21, 2016 in the McKnight Community Center at 6:30pm by Mayor Terry Wright. Roll Call was taken: present – Tammy Byers, Chris Wilts (via conference call), Chris Willmott, Martha Brandt, Wayne Kelm and Deborah Hopfinger.

Motion was made by Hopfinger, seconded by Kelm to approve the agenda; roll call vote taken with all present voting aye; motion carried.

The Council first discussed a building permit that had been submitted to the Finance Office by Geoff and Kristi Andrews for a new single story home located at 111 Golfview Drive. Motion was made by Hopfinger, seconded by Kelm to approve of the building permit; roll call vote taken with all present voting aye; motion carried.

The Council then proceeded to open all bids for the surplus property being the White Care Center building, land and its contents. The only bid received for the building was submitted by Randy Hanson, Managing Member of an Investment Group. The bid stated that the group's intent for the property would include remodel plans with Mills Construction Inc. and would include: 11 apartments, salon, clinic, garage units, daycare center, restaurant, laundry mat and gym. Their bid was for \$1.00 to purchase the current commercial building and their construction cost came in around \$1.4 million. The group asked the Council to consider what impact the changes would have on our community. The Terms of Sale included some office equipment and furnishing as needed for the facility repurpose uses but excluded all medical equipment, washers and dryers, and outdoor tools and equipment. Some other conditions to the offer included a purchase agreement that will be drafted and signed by Randy Hanson and the Mayor of White. This purchase agreement will contain an Addendum that will exercise the final agreement after provisions of the purchase agreement are met. The group plans on starting construction in October 2016 with completion by April 2017. The full bid and business plan can be found online under the "News" tab.

Some of the discussion that took place regarding this bid included:

- Mayor Wright had some issues with selling the property for \$1.00 when the City already has \$60,000 into it. He stated that he would like to see at least \$25,000 since that is what the City bought it for. Wright also stated that some of the work, he felt, could be done by the City and the development could be done by a special board instead of selling it for nothing.
- Councilmember Byers asked if the City would be willing to take on such a large task.
- Councilmember Hopfinger stated that her only concern with Hanson's plan is that the commercial space will be hard to get rented out at the high rental costs. And if those tenants are necessary anchors for the building to operate, this would be an issue.
- Randy Hanson asked the Council to consider that as the building sits right now there isn't a lot of value and their plans would add a lot of value to the town. He also stated that it would be hard to come up with the \$25,000 to purchase the building as funding is already very tight.

- Hanson was asked if the purchase agreement could include a clause where if the group were to ever want to sell the property that they would sell it back to the City. He stated that something like that could be worked into the agreement.
- The Council also discussed the requested real estate tax discretionary formula where the group would be taxed on 20% of the assessed value for the first year and then an additional 20% every year after that until year 5 when 100% of the assessed value would be taxed. Hanson stated this formula is fairly standard in commercial construction and the Brookings County Equalization Department is used to seeing this from investment groups for this purpose.
- Councilmember Wilts asked how the City can rely on the group to do what they say they will do and not change the plans. Hanson stated that this is written into the purchase agreement, so if the plans change the group would have to come to the City to request necessary changes before implementing them.
- Some community members present had questions and comments for the Council and for Hanson such as:
 - o If the plan is implemented correctly by the group, the potential it would bring to the community should outweigh the costs.
 - o The City should not be taking on such a large project financially.
 - o The Investment Group is the City's best bet and should seriously be considered.
 - o Issues with the Terms of the Sale, such as a clause that states if the IG cannot secure enough tenants by October 1st, they can back out of the deal was addressed.
- Councilmember Brandt asked if the IG would consider putting some earnest money down on the property to help cover the costs associated while the City maintains the property over the summer months. Hanson stated that he would rather pay a lump sum of \$25,000 at the signing of the Addendum, once all contracts are in place versus putting money down.

The Council also reviewed a bid for a piece of land that is part of this property from Kim and Rodd Kuper. The land is described as the North 54' of the West 58.15, Patrick Addition. It is located directly behind their house at 209 East 4th Street. Their intent for the property is strictly for expanding their yard, landscaping and possibly extending their garden. There is no intent to build on the property. Their bid was for \$1,500.00.

Other bids for items currently in the facility included:

- Willmot Care Center - \$3,000 for a handful for medical supplies and equipment, miscellaneous office furniture, linens, kitchen equipment, and living room furniture. Their bid also included an additional \$500 for the Bio Dex and miscellaneous therapy equipment and \$1,000 if the large washer was newer and in better condition than their current one. They also offered to buy the entire inventory list for \$6,000.
- Peggy Vostad, Administrator for StoneyBrook Suites - \$1,935 for miscellaneous kitchen items, storage containers, therapy equipment, maintenance equipment and shelving.
- Alice Rennich - \$200 for the chain linked fencing on the property.
- Chris Willmott - \$325 for a fridge, sink, recliner and shelving.

After discussion took place, motion was made by Willmott, seconded by Kelm to approve of the Investment Group's bid of \$1.00 and add the \$25,000 to be paid at signing of Addendum; roll call vote taken with all present voting aye; motion carried. The other bids reviewed will have to be tabled until the Investment Group has decided on which items they will keep and which ones the City can sell.

The purchase agreement will be drafted and discussed at the April 4th regular City Council meeting.

With no further business to come before the Council, motion made by Willmott, seconded by Kelm to adjourn; roll call vote taken with all present voting aye; motion carried. Meeting adjourned at 7:27pm.

Terry Wright, Mayor

Melanie Haber, Finance Officer