

**MINUTES OF THE JOINT MEETING
STEWARTVILLE ECONOMIC DEVELOPMENT AUTHORITY (EDA)
AND STEWARTVILLE CITY COUNCIL**

**City Hall
January 30, 2012
6:00 P.M**

- I. Roll Call** –Councilmember R Hanson, Councilmember Stensrud, Boardmembers Boe Stafford, Kuisle, Rusciano, Mayor King, Councilmember Miller-Beach, Councilmember J Hanson, City Administrator Schimmel, Finance Director Neubauer, CEDA Chris Giesen, City Attorney Steve Nyhus

Member Absent: Slightam

Also present: Nels and Nicole Pierson

II. Business

- a. Star Building Purchase Agreement – Chairman RHanson noted that the purpose of the joint meeting was to discuss the purchase agreement received by Nels and Nicole Pierson for the Star Building located at 102 North Main for \$1 with conditions.

Steve Nyhus, attorney with Flaherty and Hood, stated that he had reviewed the purchase agreement and was suggesting some recommendations to include in the agreement, if approved by the EDA and City Council.

Nyhus noted that when a public building is sold, according to Minnesota State Statutes, two conditions must be satisfied: (1) the sale must have a public purpose, and (2) the selling price must be more than a nominal consideration, which the calculation should be driven by what level of control and involvement the City wishes to have with the property going forward.

Nyhus stated that cities can sell property either by the City Council approving the purchase agreement and development agreement or the City Council quit claiming the property to the EDA and then the EDA must follow MN Statute 469.105 which requires a public notice, public hearing, covenants with land, and plans and specifications.

Nyhus recommended (1) that a clause be included in the purchase agreement and development agreement that would give the City the option to repurchase the property if the agreement is not fulfilled; (2) the conditions included in the addendum to the purchase agreement be written into a development agreement; and (3) that either promissory notes or a performance bond be executed.

Questions regarding the sales price, gifting of public funds, revenues and expenses relating to the building, real estate taxes, background information on why original purchase in 2003, marketing tools used to sell building, historical preservation of blight

area, downtown revitalization and terms of the promissory notes were discussed in depth.

In regards to the buyback agreement recommendation, EDA Boardmember Boe asked if language could be included in the development agreement that would require the Piersons to pay all legal costs if they walk away from the project. Pierson stated that he was not opposed to the condition that he would be responsible for all legal costs but he did not feel that a buy-back agreement was necessary as the City has other legal ramifications that can be used in these situations, such as foreclosures, etc. Nyhus stated that Pierson was correct and that by adding language that Pierson would be responsible for all legal costs would meet this recommendation.

Motion by Stafford, second by Kuisle to recommend to Council that they approve the sale of the Star Building to Nels and Nicole Pierson according to the purchase agreement which would also include (1) a development agreement, (2) execution of promissory notes; and (3) language protecting the City if the Piersons should walk away from the property that Piersons would be responsible for all legal costs incurred for the City to regain ownership. Unanimously approved.

Chairman R Hanson noted that EDA business was concluded and turned the meeting over to Mayor King for Council consideration of their recommendation.

Motion by RHanson, second by Stensrud to approve the EDA recommendation regarding the Pierson's purchase agreement of the Star building and to direct the City Attorney to prepare the legal documents, including a resolution with finding of facts for public purpose and nominal consideration, a development agreement, language regarding legal costs incurred if City must regain ownership and promissory notes for execution; the documents will be presented at the February 14th Council meeting for final approval.

For: King, Stensrud, Miller-Beach, RHanson

Against: JHanson

Motion passed.

III. Adjourn – Motion by Stafford, second by Kuisle to adjourn. Unanimously approved.

Respectfully submitted,

Barbara K. Neubauer
Asst Secretary/Finance EDA