

MINUTES OF KASSON ECONOMIC DEVELOPMENT AUTHORITY

MEETING February 19, 2014

Pursuant to due call and notice thereof, a regular meeting of the Kasson EDA was held at City Hall this 19th day of February, 2014 at 12:10 p.m.

The following members were present: Langan, Ehmke, Sturgis, Peterson, Hopkins and Wegner
Absent: Egger

The following staff members were present: Mike Martin, Community Development Director,
Linda Rappe, Deputy Clerk
Randy Lenth, City Administrator

Also Present: Kris and Ryan Thomas, Gretta Becay, Nugget Fields, Joyce Redfern

CALL TO ORDER: Ehmke called the meeting to order at 12:10

MINUTES: Motion for approval of the meeting minutes from January 7, 2014 made by Langan, seconded by Peterson, All Ayes.

FINANCIAL REPORT: Nothing stated

AMERICAN LEGION PROPOSAL: The American Legion Post 333 is asking that we deed the empty lot to the west of their current building to relocate their entrance and add additional parking. American Legion stated that to use the charitable gambling funds they cannot lease the land they would have to buy it. The Legion agrees to pay all special assessments on this property. Langan stated that he likes the idea of selling the lot to the legion for \$1 the first right of refusal should the legion ever sell and first right of refusal on the legion building should they ever sell.

MOTION: by Langan, second by Sturgis to sell the lot next to the American Legion for \$1 with the first right of refusal to buy the lot back for \$1 and 1st first right of refusal on the building should it ever stop being an American Legion. All Ayes.

OPPIDAN BUSINESS SUBSIDY DISCUSSION: The Business Subsidy policy was presented and the findings are as follows:

1. But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
Motion – Positive – None Negative - All
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
Motion – Will do – None Will not - All
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
Motion – Positive – Hopkins, Ehmke, Wegner Negative – Langan, Peterson, Sturgis

4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
Motion – will promote – Hopkins, Ehmke Will not promote – Langan, Peterson, Sturgis, Wegner

5. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services that are not currently available.
Motion – Yes – All No - None

6. Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available.
N/A

7. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
N/A

8. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
Motion – Yes – Hopkins, Peterson, Ehmke, Langan, Wegner No - Sturgis

9. Job Creation. The project will create or retain jobs that pay 105% of the federal minimum wage. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
Motion – Yes – Hopkins, Peterson, Ehmke, Sturgis, Wegner No - Langan

10. Tax Base. The project will increase the City's tax base and generate new property tax revenue.
Motion - Yes – All No – None

11. Incentive for Additional Future Development. The project will create potential for additional future development.
Motion - Yes – Hopkins, Peterson, Ehmke, Wegner No – Langan, Sturgis

12. Compatibility with Development Plans and Neighborhood. The proposed project is compatible with the City's overall development plans and objectives. And is compatible with the neighborhood in which the project will be located.
Motion for first sentence – Yes – Hopkins, Peterson, Langan, Ehmke, Wegner No – Sturgis
Motion for the second sentence – Yes – Hopkins No – Peterson, Langan, Ehmke, Sturgis, Wegner

FOLKESTAD BUILDING UPDATE: Martin stated that we are up to Phase 3 of the Folkestad building and we only had two bidders and they came in at \$940,000. This is substantially higher than the estimate. Phase 1 was the demolition and the roof at \$240,000, Phase 2 was the concrete work at \$110,000. The building is gutted and down to the studs inside at the moment. Ryan and Kris Thomas – 60923 253rd Ave – owners of Xtreme Fitness were present to tell the EDA that they had approached Martin last year about moving their business and Martin had stated that the Folkestad building would probably work for them. In June of last year Martin had told the EDA that we could use the Folkestad building as an incubator building and the City would be asking \$3 a SF for rental. At the November 2013 EDA meeting the Thomas' and Just

Like Home Daycare were asked for their requirements for the building and Martin stated that the remodel costs would be higher than anticipated.

Mr. Thomas stated that they met with the architect and the architect suggested amenities that they would like but were not requirements and they received an email from the architect Feb. 11, 2014 and everything was on track. Then they get an email stating that the bids have come in too far beyond the estimate and this project cannot continue as planned. Thomas stated that they have blueprints, therefore they have the space. Xtreme Fitness' members have paid their dues in anticipation of a new space for the business to continue and the Thomas' have hired more staff in anticipation of the new space and they feel the project should go through no matter what the cost to the city. Xtreme Fitness being removed from their current space as of April 1, 2014.

Nugget Fields stated that Xtreme Fitness has saved her life by exercising and why can't we hire who we want to finish the building – she had some very good suggestions for who would do a good job.

Sturgis asked if there is a way to get them in with less amenities? - Mr. Thomas stated at \$3SF they didn't expect much but then the architect suggested more so now that is what they expect and their members expect. Ms. Thomas stated that they have made promises to their members and their members believed them. Mr. Thomas also stated that if they had known this they would have made other plans.

Martin stated that this has already gone back to the architect to see if it can be scaled down to make the bids come in at a more reasonable price. Martin also stated that no lease has been signed. The City had no idea that the bids would come in at such an absorbent cost.

Matthew Coy – Mantorville – stated that since the City has spent money for this purpose that constitutes a deal.

City Administrator, Randy Lenth stated that the City is looking into all options and as to whether we (the City) can act as our own general contractor since we have to abide by competitive bidding laws.

Joyce Redfern – Kasson – stated that she thinks it is appalling that people make deals without the authority to do so.

ADJOURNED: Meeting adjourned at 1:00 pm

Respectfully Submitted,

Linda Rappe
Deputy Clerk