



**City of North St. Paul
Economic Development Authority
Regular Meeting Minutes**

October 12, 2021

3:00 PM

The Economic Development Authority meeting was conducted at 3:00 p.m. The meeting location is the Sandberg Room at City Hall, located at 2400 Margaret St., North St. Paul.

Call to Order

Pledge of allegiance

Roll Call

Robert Dew, Chair
Kevin Fuller, Vice Chair - Absent
Don Jensen, Treasurer
Tom Schifsky
Archie Vickerman
Terry Furlong, Mayor/Council Representative
Tim Cole, Council Representative
Brian Frandle, Executive Director
Brett Garry, Business Association Representative - Absent
STAFF
Lisa Ritchie, EDA Admin. Assistant

I. Adopt Agenda

Robert proposed a change under VI.

Item "C" was moved to Item "A" and the other two items were moved down.

Motion to adopt agenda with the above proposed change by

Chair Dew, and seconded by Mayor Furlong, with all present voting aye (4-0). Motion carried to adopt the October 12, 2021 Agenda as amended.

II. Meeting Minutes

Motion to approve the September 14, 2021 meeting minutes was made by Commissioner Vickerman, and seconded by Commissioner Jensen, with all present voting aye (4-0). Motion carried to adopt the October 12, 2021 Agenda as amended.

III. Meeting Open to the Public

There was no one from the public in attendance.

IV. Authority Business & Action Items

A. Discussion with St. Paul Port Authority - Develop Assistance

Lee Krueger (President) with the St. Paul Port Authority was in attendance by ZOOM. Initial discussions were previously had with Terry Furlong, Brian Frandle and Robert Dew with The Port Authority on how they can assist the EDA in achieving their goals. The meetings were very informative on all they had to offer for services. Being as the city no longer has a full-time

position to support the EDA, this could be a good opportunity to supplement the needed support, hence Lee was asked to join the meeting to share all The Port Authority could offer. Per Lee, The Port Authority:

- Manages the harbor of St. Paul.
- Industrial redevelopment
- State wide services for 64 MN counties;
Property Assessed Clean Energy Loans
Licensed Real Estate Brokerage Firm

Lee spoke of several projects The Port Authority has helped with in various cities across MN. Gaining site control is very important if it is the city's intention to control the outcome. There are different ways to gain site control such as: option, purchase, deferred payment plan and the Port Authority has experience with each of these. The Port Authority could put a plan together to work with the city, where the city is the client. The Port Authority would work for us as part of their brokerage arm.

Lee opened it up for questions and informed the EDA that if there is a site you want to control the outcome on, his goal would be to help gain control of it.

Robert Dew stated he would like to get a consensus from the EDA to move forward with the Port Authority to help resolve the issue with the Lilly Building and trying to get that location tied in with the North Saint Paul vision.

Terry Furlong asked Lee why he is a fan of gaining site control?

Lee's response was if you have a site that you don't control the outcome of, you can't prevent something undesirable or not in the city's best interest from going in there. The Port Authority also has resources for obtaining grants to control the outcome which isn't always the case.

Robert stated it might be wise to work with The Port Authority because the upcoming plan for Hilcrest and how could North St. Paul help support the needs of the new residents in that area. Another reason is to be able to collaborate with The Port Authority as needs arise. The Port Authority could also be looked at as an extension of staff who can help with grant writing and other administrative tasks without incurring to cost of a full-time employee.

Terry asked what are some of the options for the Lilly Building?

Robert stated the EDA has been working with the current owners to understand their needs and seek ways in which we can help and make it a win-win for the current owners as well as the city.

Lee gave the scenario of the Sears building on Rice Street. The current owners chose to hold the site and not work with The Port Authority as they thought they could turn it on their own. That was not the case and now a couple of years later and over \$2,000,000 paid for taxes and other expenses, they still haven't sold it.

Another scenario (a deferred payment) given by Lee was for a building that has been for sale for 4-5 years in which the Port Authority made them the offer that was accepted. They didn't need the cash flow immediately, but they wanted their full price. The port authority bought it and took on the environmental liability, so the Port Authority gave owners the indemnity, unless they were the cause of any contamination. The seller is now ready for a purchase agreement. He is willing to take a little bit of a reduction in price in order to get a tax benefit if there is a closing by the end of the year. This give the Port Authority time to find development partner. The Port Authority uses the partners money and financing but the Port Authority has 50/50 decision making so whatever leases or outcomes they get on the project, they have control. This is the model the Port Authority could help North Saint Paul create with a potential developer. Or, the building could just be flipped. In the case mentioned above, they seller is going to get close to

asking price, he just isn't going to get the money for a few years. That gives the Port Authority the chance to help deliver the outcome.

Lee was thanked by Robert Dew for his information and let him know the group would discuss and circle back with him at a later date after the group talks about next steps.

There were no other thoughts or questions for Lee. At that time, Lee left exited the Zoom call.

Robert addressed the EDA, thanking them for taking the opportunity to engage with the Port Authority and explain our vision. The EDA, at this point, doesn't know what should go in where the Lilly building is or what will go in, but they do know if they don't take control but they do know they would like it to be compatible with what is going in downtown and serves the needs of the community. The next step Robert is proposing is to engage with the Port Authority and share our vision at a deeper level and give them the opportunity to do their due diligence, then proposed an engagement plan with an end goal.

Terry stated the situation down there now is at a stand-still because of the money needed to rehab it and rid the hazardous wastes. If we take site control, it gives us the opportunities to do what we want with it.

Robert explained the Port Authority has the necessary staff to execute what needs to be done to move forward. As well as the value the Port Authority has to offer from past experience. Robert stated he didn't think a vote was necessary at this point as the next step does not involve spending any money. It is just getting a proposal from the Port Authority. There would be a need for a vote if the EDA decides to move forward down the road and engage with the Port Authority for their help on the Lilly building. Terry stated he thinks a vote is necessary. Robert then made a motion to authorize the EDA to engage with the St Paul Port Authority to engage in next steps. Terry added the EDA should also engage with the current owners on negotiations. Robert stated that would be on the Port Authority, we may do it jointly initially but they are going to do the leg work under the brokerage arm. Don Jensen inquired as to whether or not the study has been done yet on the hazardous material in the Lilly building. Robert stated to the best of his knowledge, the owners have not done anything yet. Robert stated he is lead to believe the owners do not want to put any money towards it which leave the EDA running out of options to move the ball down there unless the city was willing to write a check. Don stated he is concerned if this doesn't move forward, the city may be left with something they don't want. Robert feels it is the charge of the EDA to facilitate business retention and attraction, building the tax base for the city, helping to bring in and provide services for the residents. If we can find a creative way to gain control of it and satisfy the current owners at the same time, it is in everyone's best interest. Archie Vickerman agrees the EDA should move forward with engaging with the Port Authority to determine what our option are and a fee structure so the EDA can decide within the next month.

Robert asked if anyone was opposed to moving forward? Terry stated he was not opposed. If there is an issue with the hazardous materials clean up, it would be good to have the Port Authority on our side. Don reaffirmed and added especially if there is grant money available. Don stated he knows there is asbestos tile in there and they use lead for many years to do the print.

The EDA discussed the many benefits of working with the Port Authority. Their knowledge and experience could be valuable.

Robert restated the motion to be authorize EDA members and/or staff to engage with the Port Authority with the ultimate goal of getting a proposal to work represent the EDA on acquiring the Lilly building. Archie Vickerman seconded the motion, with all present voting aye (4-0). Motion carried.

There was a brief discussion on possible outcomes, previous development projects and the importance of having a vision and executing our long-term plan.

Robert stated his next step would be for him to have a conversation with Lee Kruger and opened the offer to anyone else that wants to be involved in the initial conversation. He would get Lee into town, layout our vision and the figure out next steps and report back at the next meeting.

B. Review subsidy policy

Robert stated, the revised subsidy policy went out to everyone via email. He added it could be discussed in depth if the EDA would like or just entertain if there are any objections to what's contained in it. Robert summed up at last month's EDA meeting, it was discussed the revised subsidy policy was presented to council, council had accepted it. The EDA's name was on it but there wasn't time to circulate the revised policy before going to council. So, it was circulated for review by the EDA after it had been approved by council. There is no action to be taken.

C. Review finalized loan agreement

The loan agreement was included the packet. Robert reviewed the agreement at a high level indicating the EDA was granting \$125,000 loan to the new owner of Mac's restaurant. The equipment will be collateral. The owner will provide the EDA with the details of the equipment including the purchase price. The owner will pay for the equipment upfront and the EDA will reimbursement. The loan is 0% interest, forgivable over 5 years at 25% per year. The borrower will need to provide submissions to the EDA each year that represents the equipment is still there and remains viable and they comply with all city codes. The loan will be executed today.

V. Executive director report

Brian Frandle stated he had stopped by the former Nik-Nack Shoppe a few times but was not able to connect with the current owner to get information.

VI. Treasurer's report

a. Financials

Robert asked for an update on timing on filling the city manager position. Terry stated there are 22 applicants that will be narrowed down to 10. The anticipated timing is by the end of the year to have a new city manager in place.

Robert stated he didn't think we have any pressing issues for the financials. Don Jensen confirmed.

VII. Chair report

Robert stated the Redevelopment Master Plan committee will be meeting on October 25th at 6:30. On October 21st, there is a joint EDA/Planning commission meeting. The agenda is not out yet, but planning to discuss business retention efforts and update on EDA. The planning commission is proposing a future topic of retail service aren't desirable. This discussion will be appropriate after the Redevelopment Master Plan Review. Robert proposed discussing the planned improvements for the city parking lot, south of Luther Auction as well as discussing the electrical charging stations. Robert added, he intends on informing the planning commission on the conversations the EDA has had on the Lilly building and that block.

Robert asked if anyone has anything else to add to the agenda? Don Jensen asked if we maintained the BP site? Has the city mowed it? Terry stated we have.

Don said, the other thing is we talk about making a left-hand turn. Are they going to sell the property? They haven't cleaned it up. Robert said we haven't started any action on this yet.

Terry stated, the cleanup is on code compliance but the left-hand turn should be discussed with Target. The county gave the city the OK to do a left turn lane. Robert said the property issue is an EDA issue but the turn lane should be in someone else's hands. He asked if this topic should be discussed next month or do take some action on that? He thought staff should reach out to Target, but isn't sure we have the staff to do this. Terry said it should be discussed with Target real estate. Robert said staff should reach out to Target to pitch in on the turn lane and

asked if there is a budget for that? There was uncertainty as to who's responsibility it is to pay for the improvement as it is a county street. Terry stated the project should be EDA driven. Robert stated it shouldn't be just Target, it should be Target, Mueller, Valvoline and the credit union. Terry agreed. Robert stated WSB could give a ballpark estimate on the left-hand turn project.

VIII. Mayor report

Mayor Terry Furlong stated Qwik-Trip ribbon cutting ceremony is scheduled for October 28th at 11:00 AM.

IX. Reports from EDA members

Robert asked who (if anyone) would be unable to attend the next EDA meeting which is scheduled for November 9th? There was only 1 planned absentee so the meeting will be held as scheduled. Terry stated the EDA should plan to review their schedule for next year and decide if they will meet every month or every other.

X. Staff report

None

XI. Adjournment

Meeting adjourned at 4:25 PM