

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL  
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA  
JULY 25, 2016

Pursuant to due call and notice thereof, a special meeting of the Council of the City of Fosston, Polk County Minnesota was held in Council chambers on Monday, July 25, 2016 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Hoialmen, Veum and Anderson. Member absent: Dufault.

Also present was John and Julie Nord, Ruth Fonder, Dave Larson, Ed Lavelle, Leah Hemmingsen, Jim and Nina Palubicki, Dale Disrud and Mark Finstad.

The Mayor stated that the purpose of the meeting is to consider the request from Jim Palubicki and Leah Hemmingsen for additional TIF assistance for the Grocery Store Project. He then turned it over to Palubicki.

Jim Palubicki addressed the council and states they are not asking for additional tax increment financing at this time. He referred to the development agreement as it pertains to various parcels and reimbursements for them. The Lomen house came into play later and there was some question on the \$75,000 that came into play. The Mayor stated that item #6 in the development agreement addresses this.

Offerdahl stated the council approved \$810,000 originally. The Lomen house deal was negotiated and the council agreed to an additional \$75,000 to offset those costs. The City has agreed to reimburse up to \$890,000 of the acquisition/demolition costs of this project. Lucken presented the council with a worksheet showing expenditures to date. The remaining amount left is \$51,547.37. Offerdahl stated that the council has authorized \$890,000 and that is all we can pay out.

Mark Finstad spoke to the council. He stated this is an eight figure project and the biggest that Fosston has seen. He spoke about the various properties that came into play and without those properties the supermarket would not be half as good as what it will be. There are increased costs and he thinks the city should approve an additional \$15,000 as well as considering releasing additional TIF funds for additional expenses incurred. The development is happening in a TIF district and we can move money from district to district. He stated this is a much better project and hopes that council will look favorably on this.

The Mayor said it's black and white; we've already approved the \$890,000; we can release the remaining funds of the \$890,000 the council has approved. There's a little under \$15,000 left over in bond proceeds that council could consider releasing. Finstad is talking about releasing an additional \$60,000. It will take action of the council to approve additional TIF funds if there are other funds to tap.

John Nord addressed the council and stated that a few months we were in council chambers and Palubicki gave his word that he would not be putting a competing business in his store. Now we find out there will be a pharmacy and an off-sale. Nord works on a rural rate and as soon as Palubicki opens up, Nord's market will go down. This affects his livelihood as well as Disrud's. An additional pharmacy and off sale will not be beneficial to this town. This store didn't have to be that big.

Dale Disrud asked how they are getting an off-sale license. The Mayor stated there are two off sale licenses issued. The only way they can get one is to buy one of the other holders out.

After further lengthy discussion and input from the council members the consensus is that we need to consult our financial advisor. David Drown, Financial Advisor for the city will be contacted and the council will discuss the request for additional TIF reimbursement for eligible expenses at its regular council meeting in August.

There being no further business to come before the council, the meeting was adjourned at 8:07 p.m.

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Charles Lucken, City Administrator