

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
NOVEMBER 16, 2015

Pursuant to due call and notice thereof, a special meeting of the City Council was held in council chambers on Monday, November 16, 2015 at 7:00 p.m.

The purpose of the meeting is to consider approval of the Development Agreement and Purchase Agreement for the First Street Development Project.

Mayor Offerdahl called the meeting to order with the following members present: Veum, Anderson and Dufault. Member absent: Hoialmen. Also present was Leah Hemmingsen, Jim Palubicki, Mark Hagen and Ed LaVelle.

Mayor Offerdahl gave an overview of the terms of the purchase agreement between the City and Mark Hagen for the purchase of his property for the Palubicki grocery store project. The City will assign the purchase agreement to Jim Palubicki who will purchase the property after demolition and site preparation has been completed by Hagen. Palubicki will be reimbursed for his acquisition, demolition and site preparation costs with tax increment financing (TIF) funds under the Development Agreement with the City.

The Mayor gave an overview of the terms of the purchase agreement between the City and Dustin & Adam Carlson for the purchase of the NAPA property that will also be a part of the Palubicki grocery store development project. The City will assign the Carlson purchase agreement to Jim Palubicki. Palubicki will demolish the building on the site after Carlsons have moved their NAPA business to the new building under construction on Highway #2. Palubicki will be reimbursed for the acquisition and demolition costs of the NAPA property using TIF funds as proposed in the Development Agreement between the City and Palubicki.

The Mayor also gave an overview of the terms of the Development Agreement between the City and Jim Palubicki & Leah Hemmingsen. The City will assign the Hagen and Carlson purchase agreements to Jim Palubicki. The City will issue a Tax Increment bond in the amount of \$810,000 and will use the proceeds to reimburse Palubicki for the acquisition and demolition of the Hagen and Carlson properties. Palubicki and Hemmingsen will construct a 40,000 square foot grocery store and Palubicki will repurpose the existing grocery store to apartments and retail rental space. The City will also vacate Larson Avenue for the project.

Anderson made motion, seconded by Dufault to approve the Palubicki/Hemmingsen Development Agreement, the Carlson Purchase Agreement and the Mark Hagen Purchase Agreement as presented. Motion carried by unanimous vote.

There being no further business to come before the council, motion was made by Veum, second by Dufault to adjourn. Motion carried by unanimous vote.

Charles Lucken, City Administrator