



MINUTES OF  
THE ECONOMIC DEVELOPMENT AUTHORITY  
CITY OF SOUTH ST. PAUL  
DAKOTA COUNTY, MINNESOTA

Regular Meeting  
February 4, 2019  
City of South St. Paul Council Chambers

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**1. CALL TO ORDER**

Chair Francis called the meeting to order at 7:23 P.M.

**2. ROLL CALL**

*Members Present: President Francis, Commissioners Dewey, Flatley, Forester, Hansen, Kaliszewski and Seaberg.*

*Staff Present: EDA Executive Director Ryan Garcia, City Administrator Joel Hansen, City Clerk Christy Wilcox and Legal Counsel Kori Land.*

**3. AGENDA**

Motion/Second: Commissioner Seaberg moved and Commissioner Flatley seconded approval of the agenda.

Motion carried            7 ayes / 0 nays

**4. CONSENT**

Motion/Second: Commissioner Flatley moved and Commissioner Forester seconded approval of the consent agenda.

A. EDA Minutes of January 7, 2019

B. Approval of Proposal for Environmental Consulting Services with Braun Intertec

Motion carried            7 ayes / 0 nays

**5. PUBLIC HEARINGS**

There were no public hearings.

**6. GENERAL BUSINESS**

A. Approval of Purchase Agreement with J & S Ryan Properties LLLP for Real Property located at 135 Grand Avenue East

Mr. Garcia reported the 2020 Brand Promotions is the sole long term tenant of the property at 135 Grand Avenue East. After marketing the property for the past two years, building owner J & S Ryan Properties LLLP, recently accepted a Letter of Intent from a private buyer for their own use. Upon purchase the new owner would evict 2020 Brands within six months of closing. Mr. Garcia stated 2020 Brands is a stable, long time South St. Paul company that wishes to remain in the community if possible. To avoid eviction of the tenant, a purchase agreement was negotiated with the building owner to acquire the property and accept assignment of the existing lease from the property owner/landlord.

Mr. Garcia summarized the terms of the Purchase Agreement:

- Total acquisition cost of \$1,700,000 (14% below listing price) – \$1,000,000 for the real estate and \$700,000 for the lease assignment.
- 60 day contingency to conduct environmental investigations in order to identify any potential issues that may increase costs for the EDA
- The EDA will collect rent from the lessee through June 30, 2020
- Closing by June 30, 2019

Mr. Garcia advised rent received from the tenant will help the EDA offset a portion of acquisition costs. Additionally, the EDA has the ability to access funds from the DEED 2017 Special Appropriations grant and as an eligible expense leverage funds from the Concord Street TIF District.

Discussion ensued regarding the existing lease and timeline for renewal. Mr. Garcia stated under the purchase agreement the EDA would be assigned all the terms and conditions as landlord of the existing lease. The EDA would encourage lease negotiations to continue until the lessee identifies a new location or a plan for the area is determined.

Commissioner Flatley discussed concerns with the daily operation, ongoing maintenance, etc. of the building. Mr. Garcia advised the lease states the bulk of day to day building operation including capital maintenance rests with the tenant. Staff is actively working to identify the short term picture of tenancy and long term picture of the city's vision, growth needs and whether remaining in the building makes sense for the tenant long term.

Motion/Second: Commissioner Seaberg moved and Commissioner Forester seconded the motion to approve entering into a purchase agreement with J & S Properties LLLP for the property located at 135 Grand Avenue East in the amount of \$1,700,000 pursuant to the terms of the agreement.

Motion carried            7 ayes / 0 nays

B. Approval of Resolution 2019-06 Accepting the Proposed Transfer of Title to Properties Previously Owned by the Housing and Redevelopment Authority

Mr. Garcia stated at a recent meeting the Housing and Redevelopment Authority approved transferring properties deemed to have redevelopment potential to the EDA. In order to expedite the process of future sales the EDA is asked to accept the transfer of properties listed in Resolution 2019-06.

Motion/Second: Commissioner Flatley moved and Commissioner Hansen seconded approval of Resolution No. 2019-06 accepting transfer of the properties listed in the aforesaid resolution.

Motion carried            7 ayes / 0 nays

C. Limited Temporary Lease Agreement for EDA-Owned Property (DeLacy Automotive d/b/a Footh Auto Sales)

Mr. Garcia stated the EDA at its January meeting approved a limited temporary lease agreement with DeLacy Automotive that allows special auto sales events on EDA-owned property at 528 Concord Exchange South. Due to the fact the property recently changed ownership the new limited temporary lease agreement denotes Footh Auto Sales as the correct business entity. Other terms of the lease agreement remain the same. In addition, the City Council approved an Interim Use Permit to allow temporary auto sales.

Commissioner Forester voiced concern the business is not abiding by the conditions of the Interim Use Permit (IUP) as vehicles have been parked and are currently parked on the premises which is in violation of the IUP insofar as there is no signed lease agreement with the EDA. Mr. Garcia stated the lessee is required to provide 14 days advance notice of any sales event. If the lessee's intent is for continued and ongoing utilization of the lot a separate agreement would be needed. Discussion ensued.

Motion/Second: Moved by Commissioner Seaberg and seconded by Commissioner Forester to continue the matter to the March 4, 2019 EDA meeting.

Motion carried            7 ayes / 0 nays

**7. ITEMS FOR FUTURE FOLLOW-UP**

- Commissioner Seaberg requested an update on the progress toward the purchase of MNDOT property between EnVision Hotel and I-494 prior to the February 14<sup>th</sup> River Heights business card exchange.
- Commissioner Flatley acknowledged the residents present at the City Council meeting to discuss issues with management of the public housing highrises asking the matter be placed on the next Work Session agenda. Mr. Garcia stated he has been in contact with CommonBond's Regional Manager regarding issues brought to the attention of the Mayor and will follow-up immediately regarding the issues raised this evening and respond appropriately.

**8. ADJOURNMENT**

Motion/Second: Commissioner Kaliszewski moved and Commissioner Forester seconded the motion to adjourn the meeting at 7:47 P.M.

Approved: March 4, 2019

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Edie Kleinboehl, Secretary