



EDA Emergency Meeting Minutes

Monday, April 29, 2024 7:00 PM

Green Isle City Hall

Topic: Emergency Meeting - Bond

Time: Apr 29, 2024 07:00 PM Central Time (US and Canada)

Join Zoom Meeting

<https://us06web.zoom.us/j/82581152683?pwd=D7IzIbLNx7FbA6rm07sdRJzhmR6Zwb.1>

Meeting ID: 825 8115 2683

Passcode: 736549

1. Call Meeting to Order and Pledge of Allegiance – Meeting was called to order at 7:09 pm by President Denise Schuft.
Present: Denise Schuft, Scott Vos, Ricky Ybarra, Mark Wentzlaff, Diane Brown, Mayor Shane Sheets via Zoom
Absent: Vic Schwartz
Staff Present: EDA Director Amy Soeffker, City Attorney Ken Janssen – via Zoom, City Clerk Diane Hatlestad
Guests Present: Sue Vos – Cornerstone, Bruce Olness -Cornerstone, Todd Hagen – Ehlers and Associates via Zoom.
2. Introductions – President Schuft let the group know that the meeting was being recorded. Introductions were made.
3. New Business
 - A) Discussion on GICS
President Schuft reminded everyone that the meeting was being recorded, the EDA was there to listen and that the EDA did not have a quorum to vote.
Bruce Olness asked what the plan was? The EDA owns the building. Any alternative plans for the building?
Todd Hagen stated went through some past discussions regarding the tax impact, donation, things that the school could do to raise some money. He didn't think the EDA or the City were planning to put money towards the bond. The bond was

already amended from \$12,500 to \$8,000, now they were asking for \$5,000. School would need to come up with about \$170,000 to make that happen (\$10,800 per year). That money would have come from somewhere. He stated it was in the bank's court to figure out their threshold. Any obligation for EDA and City to make up the payments? Hagen stated no, EDA was just a tax-exempt conduit. If foreclosure occurs the bank gets the building. Early on lots of discussion on forbearance and refinancing. Hagen stated standard foreclosure proceedings and the bank gets the building, but stated he was not an attorney or a banker. Shane Sheets stated an interest in working with the bank. Could be office centers, senior citizen living, etc.

Bruce Olness asked if any new comments came up for change or restructure of the school? Is it universal the city folks want to give up the school? Years ago, the then EDA/City could offer taxing authoring to supplement it if it fell short. Any person or organization stepping forward? Mayor Shane Sheets stated that there has been an inquiry into leasing the building. A group outside of Green Isle was interested in leasing, then building their own. Sheets felt that was not a good business model. Sue Vos stated the student numbers are down and unsustainable. Bruce Olness brought up office centers to senior citizen centers, anything coming up? Shane Sheets no, it's only been a daycare inquiry. Soeffker also had an interested daycare party.

Scott asked has the EDA body voted that we do not want to keep the building? Shane Sheets stated no decision has been made, he wants to send out a press release. Sheets stated this is an EDA decision. Attorney Janssen stated this is so new we are trying to evolve and roll with the punches. Soeffker asked can the EDA vote to spend or levy for payments for the bond? Attorney Ken Janssen stated the city cannot just give financial gifts, Sheets said it starts with EDA, they can make a recommendation, but Council would not entertain the idea of accruing debt. Bruce Olness asked what the folks will do that rely on the daycare? The bank doesn't want to own the building or a daycare, but it's still a nice building for the City of Green Isle.

Soeffker stated that she saw on Facebook that people are finding new daycare options already. Shane Sheets stated that daycare is a hot community, would kill for a daycare that is open outside of business hours. Sheets stated that this was the only licensed daycare in Sibley County. Shane says does the EDA want it? Does the bank want it? It comes down to if the EDA wants it. The EDA needs to make a recommendation. Sheets stated that he has no voting power. It's a good daycare. Bruce Olness stated it's too good of building to sit and rot. Olness stated that it is tough to get a daycare license. Sheets stated that was the only thing keeping it

open, they [GICS] were supplementing the rent with the school. Sheets said the bank could do well operating a daycare.

Denise Schuft went through the timeline stating school closes May 30, Daycare May 31 and office staff leave by June 30 and they could have no income after June 30.

Shane Sheets asked if they can run the books with a new institution coming in?

Todd Hagen stated another \$170,000 cash would get us to \$5,000 a month payment to refinance this. Other donations going on that they already tapped out. He stated that it could come from someone contributing \$10,800/year. If the bank is willing to keep the same interest rate and we could get there with someone else. Shane Sheets said this is between the EDA and bank, but asked where the taxpayer dollar comes in. He said a lot of conversations need to occur here, we are looking out for the taxpayer. Mayor Sheets stated that the levy would be a last scenario situation. Todd Hagen said a new business may come in with the \$170,000 and then we don't have to worry about the EDA/City having to kick in money.

Shane Sheets said that the daycare that contacted him wanted to rent the building until theirs is done then they would leave, he said it was only a 12-month solution. Bruce asked if they were in the building permit stage? Sheets said no, they said they were in the infant stage. Bruce said that things might change for them when they find out costs.

Bruce asked again about the tax question stating it is tax free through the EDA as a deductible bond. If we could keep EDA as the bondholder, that keeps it tax free.

Todd Hagen stated that in order to keep the tax-exempt status a 501c3 or government entity to have to be in the building. Hagen, the Emanuel lease would give 12 months or so to try to attract someone else?

Shane Sheets said to make sure the EDA looks at this with a fine-tooth comb. Scott Vos said what if the EDA votes to keep the building? Vos said it's our decision, but in reality, the council will make the final decision. Attorney Janssen, if EDA decides they want to keep the building the funding has to come from somewhere, that would be the city. The city council could decide no.

Since daycare is closing, a new one will have to start from the beginning. Ricky Ybarra stated it will be almost impossible to go from door closing to door opening, a long process from the door closing to a new door opening. How much money does the city have to put in to make something work? Will we have to put money or something in to make this work? He did not think the whole building could be used by a daycare. Is Sibley County an option? Or Al-Anon?

Mayor Sheets said Al-Anon has no money to put in. Money to put into the building seems like a separate line of credit. Olness stated that we need to find someone that has the skills that could move in.

Todd Hagen, could this be repurposed into something else? Find a developer to turn it into apartments?

Ken Janssen asked about a private developer and the tax implications? How will the impact the bank, the city, the EDA? Hagen said in order to keep it tax exempt it has to be a 501c3 or government. Todd Hagen and Attorney Ken Janssen went over the options: find a 501c3 to fill it, pay off the debt to keep it, foreclosure, private company to fill it (pay off debt). Bank could be paid on a taxable basis instead. If the EDA/City doesn't want to put any more money into then we sell it for private development. Bruce Olness, the longer the EDA can own the building, the more attractive it is to private investment. The subsidy is already there, Olness, that cost passes down to the new owner. We have 60 days to get the best solution for the property.

Todd Hagen, high demand for daycare, cities are getting into to owning daycares. Shane sheets stated that Green Isle was burned by the market crash in 2008. I can suggest that the city is not in the real estate business. I can guarantee we will not have a majority. Attorney Janssen, what about a for profit daycare? Bruce Olness, I'm not a tax expert. Todd Hagen, it's up to the bank, but if a for profit daycare it would be taxable. Bruce Olness said they have not retained bond counsel yet, Todd Hagen said we have Kennedy and Graven. Someone to do the legwork to attract someone for the building, if bank is willing to hold the interest rate.

Mayor Sheets thanked Bruce and Sue for working with the community, we are trying to work together. Hoping to find a new tenant. Bruce and Sue have worked endlessly with the school.

Bruce Olness, we can't just focus on daycare, any alternate use that will benefit the city.

Bruce Olness stated that there were 60 days before the EDA will possibly give up ownership and that gives everyone a chance to try and fill it. Do we need a formal foreclosure? Need to work together to find someone. How do we market something like this?

Scott Vos presented a letter from Emanuel Lutheran which stated that they were interested in leasing the building while theirs is being built. No timeline or dollars figures out yet. Emanuel has a lot of people working on this to see if they can pick it up on July 1. He feels it gives the EDA/City/Bank time to find someone else. Mayor Sheets felt that was buying time for the competition to operate 5 miles closer to the Twin Cities. He was concerned about them building a larger facility. Scott Vos stated they have priced the building. They retained professional services already. Scott Vos reiterated it buys us time. He has more ideas for the EDA to discuss. He doesn't think the EDA will find another civic building. Scott Vos felt it was a large

community asset to give up. He said it would be another 30 years before we could build another building.

Mayor Sheets felt that if we bring Emanuel in, we are giving up our opportunity for a daycare. Scott Vos felt it was important to retain whether there was a daycare there or not.

Bruce Olness, bottom line is that we need to find a way to fill the building.

Mark Wentzlaff stated he does not like the idea of the bank having to foreclose on it. He couldn't see why the city wasn't on the hook. Bruce Olness stated there was an inherent commitment from the prior groups. Olness stated that we aren't going to make any money selling this building. Best situation is to find alternatives.

Bruce Olness asked again about tax exemption, when they lose tax exemption?

Todd Hagen, depends on who moves into the building? May be able to divide the building between tax exempt and some not. Perfect scenario would be government or 501c3?

Scott Vos, we own it? But we can't make a decision? Shane Sheets, that is correct, it will come down to City Council.

Soeffker asked if Emanuel was considered tax exempt. No one was sure of the answer. Diane Brown stated that people are thinking of ways to use it, she heard interest in a pickleball court.

Diane Brown left at 8:07 pm.

Mayor Sheets would like to see a press release to simmer things down a little bit. Sheets said let him know what everyone would like to do. Question of who will write it.

Hagen will speak with a developer he knows.

Attorney Ken Janssen would like to know when the school will vacate the building and when they will stop paying their rent.

Bruce Olness asked when we can meet again? Soeffker stated next Monday at 7pm during the EDA meeting? Soeffker asked about Emanuel coming to an EDA meeting to present? Sheets said no, we would be destroying our opportunity to have a daycare. Denise Schuft said she would like to see them at the EDA meeting. Scott Vos said he would like someone from the bank at the next EDA meeting.

4. Any Additional Items - none
5. Adjournment – Motion to adjourn the meeting at 8:15 by Wentzlaff, seconded by Ybarra. Motion carried.

EDA Director Amy Soeffker

EDA President