

CITY OF ST. FRANCIS  
ST. FRANCIS, MN  
ANOKA COUNTY

CITY COUNCIL WORK SESSION NOTES

MARCH 12, 2018

Mayor Steve Feldman called the Work Session to order at 6:00 pm

Members present were; Mayor Steve Feldman, Council members Jerry Tveit, Rich Skordahl, Joe Muehlbauer, and Robert Bauer. Also present were Assistant City Attorney Dave Schaps, City Administrator Joe Kohlmann, Community Development Director Kate Thunstrom, Assistant Community Development Director Mike Creelman, City Clerk Barb Held, EDA members Mike Rodger and Sarah Udvig.

1) Discussion on Tax Increment Financing (TIF)

City Administrator Joe Kohlmann reported at the last work session discussion was held on the proposed assisted living and their request for Tax Increment Financing. The business subsidy was originally applied for in November 2016. At that time, the application was completed by Mr. Shawn Meschke and included language regarding Walker Methodist in a majority of the narrative requirements. With all of the changes, Council and the EDA requested updated and additional information prior to reviewing or releasing TIF funding.

Staff sent a letter to GD1, LLC (Chau Le) asking the applicant for updated and additional information prior to reviewing or releasing TIF funding. The information requested for review was:

1. Updated business plan
2. Financial pre-approval and commitment of funding
3. List of companies involved and key stakeholders within those companies
4. Identify the operator or service provider that is replacing Walker Methodist
5. Updated Proforma

Staff had asked GD1, LLC to provide the information to staff no later than March 7, 2018. Sometime throughout this process, Walker Methodist now has a new developer.

Feldman stated in the five questions asked, none of them were fully answered. They have had so many different name changes throughout this process since 2015. Feldman stated he spoke with the City of Cambridge and discussed with their economic development director the companies they have dealt with in regards to assisted living and how they were to work with. They had a similar situation as us. One company came in and did not have all their documents together. Walker Methodist came in and with a professional working relationship built an assisted living facility. Cambridge said they had a positive experience working with Walker Methodist.

Feldman asked EDA president Mike Rodger for his comments. Rodger asked what company did the EDA approve the Tax Increment Financing for. Can we ask for GD1, LLC to come back with a new application?

City Attorney Dave Schaps said the EDA has the power to ask them to come back.

Rodger said by reading through the paperwork, I do not think they have a solid business plan. We need to do our due diligence to the residents to be thorough.

Feldman handed out a sheet showing some comparisons of LeGen Companies dba GD1, LLC and Walker Methodist. My concern is GD1, LLC was late on getting the information to us that we requested and do not feel it is complete. If they were not asking for public money, it would be one thing but they are. Would have preferred they gave us a better business plan.

EDA member Sarah Udvig agrees with Rodger asking them to come back to the EDA with a solid plan. Also, need to know who the caregiver is going to be. You can have a large beautiful building but if you don't have a good caregiver it won't last.

Skordahl stated I do believe this is different because they are asking for public money so that means we are going to be a stakeholder in this project. I believe the application is not complete and would like to know who the caregiver is going to be. I still believe there is a need for this type of facility but at this time, I could not support the project on the information that was provided to us.

Feldman stated Walker Methodist is interested in St. Francis. Currently they are looking at three to four cities with St. Francis being one of them.

Bauer said he agreed with what Skordahl stated. However, we only have one application in front of us. I don't want to lose this project.

Feldman said when Walker Methodist was the caregiver I wasn't so concerned. Walker Methodist does not think the city can support two facilities that is why they do not have an application in front of us.

Muehlbauer stated his biggest concern is our questions were not really answered. We have to remember we are investing our constituent's money. They had thirty days to answer the five questions and didn't answer really any of them. I also have a concern with the LLC status of their company.

Discussion was held on the length of the TIF.

Tveit said I agree with what Skordahl and Bauer said but I do not think it is our job or concern of who runs the facility. Walker Methodist application is not in front of us. If they are interested, they should have submitted an application.

Feldman said they won't because LeGen, GD1, LLC has the application before us.

Tveit stated Walker Methodist shouldn't even be part of the discussion tonight. Wish LeGen would have thought this out better. The bank will look at their financial risk. Tveit asked how come LeGen is not here tonight. Kohlmann said it was a mutual agreement they would not be here.

Discussion went back and forth on the concern of using public money, why the questions were not answered completely, why the names kept changing, and liability of the business being a LLC, and if they don't received TIF money from the city would they still proceed. The question was does the city still move forward on offering TIF.

Feldman said if they come back with a contingent financing and care provider I would be okay with moving forward. It is a benefit to the city. I am just flat out disappointed with the paperwork provided to us after 31 days. We don't want to miss the window of getting an assisted living facility in St. Francis.

Rodger asked is it normal a company comes in asking for tax increment financing and not all the information is provided in the first place.

Thunstrom stated this one fell short in their answers.

Rodger said I am not saying LeGen and the contractor cannot do the job but they did not give us a solid plan. I can't see giving them public money on what they provided.

City Attorney Schaps explained the legal requirements of being a LLC.

Council asked what the next step is. Do we commit to TIF or not? Tell them what the deficiencies are and let them decide if they want to re-apply.

The message back to LeGen – GD1, LLC will be; the city council will not enter into a TIF agreement at this this time based on the reasons we discussed this evening. If they want to re-apply, they can come back to the EDA with a new application with the missing components answered. The city council will make the final decision.

Feldman asked what if in the meantime Walker Methodist wants to come forward. Thunstrom said they fill out the business subsidy application just like any other applicant. They would need to identify land use, location and start the process.

With no further discussion, Feldman adjourned the work session at 7:11 pm.

Submitted by,

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Barbara I. Held, City Clerk