

**MINUTES OF THE SPECIAL MEETING  
CITY COUNCIL  
LITTLE CANADA, MINNESOTA**

**DECEMBER 22, 2021**

Pursuant to due call and notice thereof a special meeting of the City Council of Little Canada, Minnesota was convened on the 22<sup>nd</sup> day of December, 2021 in the Council Chambers of the City Center located at 515 Little Canada Road in said City.

Mayor John Keis called the meeting to order at 3:20 p.m. and the following members of the City Council were present at roll call:

**CITY COUNCIL:** Mayor Keis, Council Members McGraw, Fischer and Miller. Absent: Torkelson.

**ALSO PRESENT:** City Administrator Chris Heineman, City Clerk/HR Manager Heidi Heller, City Attorney Pat Kelly and City Attorney Chad Lemmons.

**PUBLIC COMMENTS**

Angela Malone, 3282 Hamel Court, stated that based on her experience with these types of housing developments, there will be an influx of traffic into their neighborhood, and said she picks up litter along the road at least once a week and she wants to see that addressed. She stated that many residents use these vacant parcels to access the Vadnais Lake trail systems, and she would like to see the speed limit reduced on the road and a trail installed along the road.

**CONSIDER PURCHASE AGREEMENT FOR CITY-OWNED TWIN LAKE BOULEVARD Parcel A (PID 313022310001) & Parcel B (PID 313022310002) TO REUTER WALTON DEVELOPMENT, LLC**

The City Administrator reported that the potential for this project has been discussed for several months and the formal application was made in November. The Planning Commission and City Council reviewed the draft site plan and approved rezoning the properties to R-3, High Density Residential. He noted that a Comprehensive Plan amendment will also need to be approved by the Metropolitan Council since the property is currently guided as medium density residential in the City's Comprehensive Plan and will need to be changed to high density residential.

The City Administrator explained that the developer is applying for Minnesota Housing Tax Credits to help finance the project. He stated that the last piece for their bonding application is approval of a purchase agreement for the city to sell the parcels to the developer. He explained that the purchase price is \$480,000, which is the Ramsey County assessed market rate value of the land. He stated that since there is currently a funding gap, city staff determined that the city would sell the property for the market rate value.

Fischer stated this developer has done many developments in the metro area using a variety of funds, but he wants to make sure that if the developer does not get their funding or the project falls through, the land either reverts back to the city or the city can buy the land back. City Attorney Lemmons stated there is a cancellation clause in Section 22 that cancels the agreement 30 days after

**MINUTES  
CITY COUNCIL SPECIAL MEETING  
DECEMBER 22, 2021**

notice is served to the developer, and additional language can be added if the project is not built within a certain timeframe. Fischer stated he wants some sort of buyback plan or right of first refusal if the project is not completed, rather than the developer being able to resell the property for a profit and the city not having control over future projects.

McGraw asked if the developer was going to be asking for Tax Increment Financing (TIF). The City Administrator stated that is usually the case with this type of project, but there are also other ways to assist, such as writing down the land or using the new Ramsey County Housing and Redevelopment Authority levy that is just beginning in 2022. He stated there are benefits to having TIF Districts because the funds received from the districts can be used for future redevelopments and it would not affect the tax levy. McGraw asked if the developer keeps failing to get financing, when would the city would get the property back. City Attorney Lemmons stated the agreement gives them until December 31, 2022, and then the city can terminate the agreement. McGraw asked if the developer could sell the property at the last minute. City Attorney Lemmons stated that there is language for assignments, but that can be tightened up to state that the seller must agree to a future buyer.

City Attorney Lemmons stated that there is a section stating that the buyer can extend the agreement for another 90 days if they pay another \$25,000. The City Administrator stated this extension provision is likely included to account for timing of financing and the construction season. City Attorney Lemmons stated that a year is not unreasonable anymore to begin construction, but the 90-day extension is long. He suggested shortening the extension to 30 or 60 days and the developer can always ask for an amendment to the agreement if needed. Keis asked if this agreement is for one building or both buildings. City Attorney Lemmons stated it is typical for the construction timeline to only be for one building. He noted it could be changed, but it will then get complicated. He stated that a TIF development agreement will state that the property must have a certain tax-assessed value by a specific date or they have to come up with the difference. The City Administrator explained there are two separate parcels so the city could take the second parcel back if it is not developed. City Attorney Lemmons clarified that the extension should be shortened to 30 days, and the developer can ask the City Council for longer if needed. He stated there is no language to indemnify the City against any liens, and they should turn over all testing information if the property comes back to the city. He reviewed other changes that should be made to the purchase agreement.

Fischer introduced the following resolution and moved its adoption:

***RESOLUTION NO. 2020-12-166 – APPROVE PURCHASE AGREEMENT FOR THE SALE OF CITY-OWNED TWIN LAKE BOULEVARD PARCEL A (PID 313022310001) & PARCEL B (PID 313022310002) TO REUTER WALTON DEVELOPMENT, LLC FOR \$480,000 WITH THE CHANGES PROPOSED BY THE CITY ATTORNEY, INCLUDING EARNEST MONEY OF \$50,000 AND EXTENSION AT \$25,000, CONTINGENT ON LANGUAGE FOR REVERTING THE LAND BACK TO THE CITY IF THE PROJECT DOES NOT HAPPEN***

**MINUTES  
CITY COUNCIL SPECIAL MEETING  
DECEMBER 22, 2021**

The foregoing resolution was duly seconded by McGraw.  
Ayes (4). Nays (0). Resolution declared adopted.

**OFFER TO PURCHASE 2750 RICE STREET**

The City Administrator explained that staff became aware of the property at 2750 Rice Street, currently a pawn shop, being listed for sale in mid-November. He noted this parcel is an important piece for a future redevelopment area. He stated the city has already made an offer of less than the asking price and it was not accepted by the seller.

McGraw stated that he would like to buy this property, but does not agree that the city should pay more than fair market value for it. Fischer stated that the Council had agreed previously to go up to the \$325,000 asking price if needed. He asked if the City is out of line if the seller's asking price is met. City Attorney Kelly stated that the city needs to justify the rationale for these types of purchases, and you need to justify the balance of a better use for the property against the owner's selling price and current market values.

The City Council agreed to offer up to the selling price of \$325,000, but feel it is also important to also purchase the adjacent property to the north. There was consensus from the Council for the City Administrator to approach the adjacent property owner of 2760 Rice Street for potential purchase. The Council also agreed that the purchase offer for 2750 Rice Street should be contingent on being able to negotiate the purchase 2760 Rice Street.

McGraw introduced the following resolution and moved its adoption:

***RESOLUTION NO. 2021-12-167 – APPROVE OFFERING \$325,000 TO PURCHASE  
2750 RICE STREET, CONTINGENT ON NEGOTIATING THE PURCHASE OF 2760  
RICE STREET***

The foregoing resolution was duly seconded by Fischer.  
Ayes (4). Nays (0). Resolution declared adopted.

**There being no further business, the meeting was adjourned at 4:35 p.m.**

---

John T. Keis, Mayor

Attest:

---

Christopher Heineman, City Administrator