

**THE SPECIAL MEETING FOR THE EDA BOARD HELD ON APRIL 1, 2010,
AT 5:00 P.M., AT CITY HALL COUNCIL CHAMBERS**

.....
The meeting was called to order at 5:02 P.M. EDA Members present were Paul Whitcomb, Cindy Riddle, Charles Snustead, and Jeff Holm. Staff present were Jay Blake and Mary Lou DeWitt.

Absent were: Ben Hanson, Victoria Hallin, and Thom Walker

Agenda Item:

Arcadian Homes – Reevaluate Purchase Price

Blake informed the EDA Board that he has had several conversations with Jerry Boardman from Fannie Mae, from their Minneapolis office, regarding the acquisition of the Arcadian Homes property by the City of Princeton. Blake said he discussed the appraisal and had gotten a verbal commitment that Fannie Mae would sell this site to the City. The Purchase Agreements were submitted to two separate agents representing Fannie Mae and the City received back the Real Estate Purchase Addendum, which did not include Fannie Mae paying the roughly \$35,000 in special assessments due to the City from September, 2009, judgment in Mille Lacs County District Court. The City Attorney sent back the first of the three addendums with revised language and the offers were rejected on Tuesday.

The assessments are due to the City and Public Utilities Commission for back utility cost, legal, engineering, and contracting fees associated with the former owners of the property.

Mr. Boardman said that Fannie Mae always requires the local unit of government acquiring property from Fannie Mae to waive the special assessments on the property. Fannie Mae assesses the offers based on the amount compared to their own internal assessment of the property. The appraisers for Fannie Mae determined that the value of each structure is \$120,000. The City's offer is approximately 2/3 of their price and then the special assessment fee of \$12,000 makes the loss greater for Fannie Mae. The City Attorney has reviewed the addendum and says that the assessments are part of a judgment against the property and they are due. Fannie Mae does have the right to reject the offer on the property. The City cannot exceed 99% of the \$240,000 appraised value for the acquisition of the property. The City cannot call the assessments holding costs. The City cannot require the payment by a future Developer because that would be defined as program income and would be sent back to MHFA and HUD. There is not enough Administration money in the grant to cover the assessments and the actual administration costs.

Blake spoke with someone from the State regarding the NSP Program and after some research, MHFA said the assessments can be described as closing cost and inflated closing cost.

Blake has heard from Fannie Mae today and they have agreed to pay 50% of the assessments on the properties. The PUC and City will be reimbursed for the other half of the assessments through the NSP Program from the inflated closing cost.

Riddle commented that the amount Blake stated is more than the City wanted to pay.

Blake said the amount is more, but the value of the property is from an Independent Appraiser.

Whitcomb said purchasing this property would be taking care of a problem and that would be a good thing.

SNUSTEAD MOVED, SECOND BY RIDDLE TO DIRECT STAFF TO SUBMIT A REVISED OFFER OF \$79,200 PER BUILDING, SELLER AND CITY SPLIT ASSESSMENTS, AND OTHER TAXES PRO-RATED. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

1503 15th Street North

Blake added this item to the agenda. He informed the EDA Board that this is the property he had on the March 18, 2010, EDA agenda. The newly hired City Works employee had qualified for the NSP Program and would like to purchase this home. This home was on the market for \$71,900 and Blake had the EDA Board's approval that Staff can make an offer of \$69,900 with the contingency that Lakes and Pines review the structure and find it sound.

Steve Cartwright, Cartwright Realty, was chosen from the random drawing as the Broker. Through some faxing errors, the City's offer was not fully received and two other offers were also made on this property. Blake had Cartwright resubmit the offer to \$70,000 and move up the closing date by two weeks. That had been done today. Blake would like to have the EDA Board's approval to up the price if need be.

Riddle said that if there are two other private properties that would like to purchase the property then let them.

Whitcomb said the other two parties would want to purchase this property as a rental unit then he would like the City to purchase it to sell.

EDA Board
April 1, 2010
Page 3 of 3

Blake said that he will do a phone poll from each EDA Board member if he did need to raise the offer.

Riddle said that Staff did raise the price plus moved up the closing time by two weeks so leave it as is. If they want to take one of the other offers then they can.

The EDA Board agreed.

RIDDLE MOVED, SECOND BY SNUSTEAD TO ADJOURN THE MEETING.
UPON THE VOTE, 4 AYES, 0 NAYS. MOTION CARRIED. THE MEETING
ADJOURNED AT 5:17 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant