

**SPECIAL MEETING OF THE ANOKA CITY COUNCIL
ANOKA CITY HALL
CITY COUNCIL CHAMBERS
MAY 18, 2023**

1. CALL TO ORDER

Mayor Rice called the special meeting of the City Council to order at 7:00 p.m., followed by the Pledge of Allegiance.

2. ROLL CALL

Present at roll call: Mayor Rice, Councilmembers Scott, Skogquist, Wesp, and Weaver.

Staff present: City Manager Greg Lee.

Absent at roll call: None.

3. COUNCIL BUSINESS AND/OR DISCUSSION ITEMS

3.1 RES/Fourth Amendment to Purchase Agreement; Ryan Companies US Inc.

City Manager Greg Lee shared a background report stating on February 18, 2020, the City approved a purchase agreement with Ryan Companies for the sale of a 14-acre parcel at the northwest corner of 7th Avenue and Bunker Lake Boulevard. He shared history of the amendments that have occurred since due to Covid-19, the state of retail, and the City's desire to obtain a grocery retailer on the 14-acre site and Ryan Companies current request for an extension due to their anchor tenant sharing the need to delay the grocer project for 12-24 months. He outlined the proposed fourth amendment that includes the following changes: • The amendment to the Due Diligence Period identified in Section 11 of the existing Purchase Agreement is hereby deleted and replaced with "Buyer's performance of this Agreement is expressly conditioned upon Buyer's inspection and approval of the Premises, which inspection shall be completed on or before June 21, 2023 (the "Due Diligence Period")." He added the City and Ryan Companies US Inc. have executed a purchase agreement for \$3.28 per square foot, \$142,857.00 per acre, or a total of \$2,000,000.00 and that no changes to the purchase price have been discussed with this proposed amendment. Mr. Lee stated if the fourth amendment was approved, this item would be before the Council on Tuesday June 20, 2023.

Patrick Daly, Ryan Companies, thanked the Council for arranging for the special meeting and allowing the time to continue the discussion regarding this recent change. He said the purpose of the extension was to allow time to bring forward a proposal for Council consideration, hopefully in a worksession prior to June 20 that will ensure the City's interest is in alignment with Ryan Companies and the grocer so they can hopefully move forward.

Councilmember Scott thanked Mr. Daly and said he was interested in hearing what Ryan Companies came back with and hoped any proposal would include opportunity costs and what the City could be losing out on as well if approved.

Councilmember Weaver explained the reason for the 30-day extension was due to the deadline for renewal which would require additional \$25,000 in earnest money for 90 days as well as an additional extension of 90 days and earnest money again. He noted the proposal will be interesting because these extensions would only be for six months and the grocer has stated they will not be ready to start for 12-24 months. He said these discussions will be difficult as there could be many of other options for taxpayers, which is the most important part of these discussions.

Mr. Lee said if the amendment is approved it will provide for the two 90-day extensions but noted they hoped to not even have to consider those as Ryan Companies would just like to extend the due diligence period.

Councilmember Weaver spoke about risk/reward and the upfront costs Ryan Companies has paid for engineering and plans and the investment they have already put into this vision. Mr. Daly responded Ryan Companies has spent hundreds of thousands of dollars to date on this project anticipating a construction start within the next 45 days, adding those costs are non-refundable to them.

Mayor Rice said this change in direction did not allow them time to adjust and while the additional earnest money was fair a year ago as it would have been a small investment to ensure the project happened he understood Ryan Companies did not want to pay additional money if the project was not going to happen.

Mr. Daly said the extension will allow them time to meet with their decision makers and create a proposal that will include some type of trade off for the delayed timing to ensure the City will be willing to wait if given some type of incentive.

Mayor Rice referred to recent concerns about project costs after questions were raised about land value changing for this site over three years and how these discussions cannot be done in three days and said he was willing to allow time for a proposal as the City was looking forward to this project as well.

Councilmember Wesp clarified there was earnest money included with each 90-day extension. Mr. Daly said the current contract included a total of \$50,000 for a 180-day extension and closing in 30 days but said based on the grocer's projections of the economy there will not be a project starting in six months but because everyone has made a considerable investment to date they would like more time to propose something in exchange for an incentive for the City to wait.

Councilmember Wesp noted he will not be in attendance at the June 20 meeting but would be willing to meet earlier to be part of the discussions. Mr. Lee suggested holding a worksession on June 5 or June 12 instead.

Councilmember Weaver said we need to understand this project may never move forward based on current retail trends as the anchor will be looking for a return on their investment as well. Mr. Daly noted this was the only grocer anchor project happening in the country.

Motion by Councilmember Skogquist, seconded by Councilmember Weaver, to adopt a resolution adopting the fourth amendment to the purchase agreement; Ryan Companies US, Inc.

Mr. Lee said staff will schedule a worksession for June 12 at 5:00 p.m. to review Ryan Companies proposal. Mayor Rice suggested scheduling a regular meeting following the worksession for formal action as well.

Mr. Daly thanked the Council for their flexibility and support, adding he has made a personal investment in this project for the community and will work hard to bring forward the best proposal for Anoka.

Upon a roll call vote: Mayor Rice, Councilmembers Scott, Skogquist, Weaver, and Wesp voted in favor. Motion carried

ADJOURNMENT

Councilmember Weaver made a motion to adjourn the Special Council meeting. Councilmember Scott seconded the motion.

Vote taken. All ayes. Motion carried.

Time of adjournment: 7:25 p.m.

Submitted by: Cathy Sorensen, *TimeSaver Off Site Secretarial, Inc.*

Approval Attestation:

Amy T. Oehlers, City Clerk