

SPECIAL CITY COUNCIL

July 25, 2016

12:00 Noon

Members Present: Mayor Hansey, DeVries, Bajumpaa, Schmidt, Bertsch, Dale, and Wateland.

Staff Present: Huwe, Miranowski, Priebe, Broadland, Johnson, O'Meara, and Amos.

Also Present: Mitch Calkins of LARC, Superintendent of Wahpeton Schools Rick Jacobson, Frank Stanko with Daily News, Roger Jensen, Jim Sturdevant, and Nick Stanko.

Mayor Hansey called the meeting to order at 12:00 p.m.

Community Development Block Grant Loan Agreement – Kennedy Park Apts.

Introductions were made around the table. Huwe said we are working with Ben Ide on behalf of G.A. Haan Development, LLC, and Mitch Calkins has been the program administrator for the Community Development Block Grant associated with the Kennedy Park Apartments. They are looking at transacting their real estate closing at the end of this week. They are purchasing a 4+ acre parcel from Paces Lodging in the area north of Walmart for their project and to have their real estate closing the CDBG program is requiring we have a loan agreement. Calkins explained the Division of Community Services in Bismarck drafted the loan agreement, whose purpose is to be a mechanism to recoup CDBG money in the case if the developer would declare bankruptcy or sell the property. It is a way for the State to retain the use of affordable housing at the site, but also, if the use changes, to get back the money. For the \$370,000, in each year it would be forgiven 1/20th of that amount for up to 20 years. Calkins said there will be no actual payments being made, it's just more of a way to have security so if something happens the State can get their money back. Huwe noted City Attorney Lies reviewed the loan agreement, which is a standard financial mortgage agreement that includes a Promissory Note. The City of Wahpeton is subordinating with Stearns Bank of St. Cloud, and the only part we would hold the mortgage on is the actual real property, not the improvements thereon. Huwe requested a Council motion to approve entering into the loan agreement with G.A. Haan & Associates for Kennedy Park Apartments. **Motion by Dale, seconded by Schmidt, to approve entering into the Community Development Block Grant Loan Agreement with G.A. Haan Development, LLC for Kennedy Park Apartments.** Discussion held regarding specifics about the apartments being constructed. **Motion carried with a roll call vote of 6-0.**

Motion by Schmidt, seconded by Bajumpaa and carried, to adjourn at 12:06 p.m.

ATTEST

Meryl Hansey, Mayor

Lynelle Amos, Finance Assistant