

**CITY COUNCIL
SPECIAL MEETING**

2:00 P.M.

Monday, February 24, 2020

Present: Scott Johnson, Mayor
Carlene Perfetto
Shane Hoff
Richard DeRosier (via teleconference)

Excused: Dustin Goutermont

Tim Costley – City Attorney
Lana Fralich – City Administrator
Teri Cadeau – Lake County News Chronicle
Chris Toal – Wilderness Products
Pete Walsh – Lake County Commissioner
Juel Salvesson
Jim Fitzgerald

Mayor Johnson called the meeting to order at 2:00 p.m.

The purpose of the Special Meeting is for discussing and making a motion on Wilderness Products Lease Agreement relating to rent abatement.

Wilderness Products Lease Agreement – The Council reviewed the Lease Agreement; an updated request for rent abatement, payment of utilities, and first right of refusal; email correspondence relating to 3rd party review of financials and business plan of Wilderness Products/Wildly Organic LLC; draft minutes of Mary MacDonald Committee; original request from Wilderness Products; copies of documents from National Bank of Commerce relating to the sale agreement, description of collateral, quitclaim bill of sale and general assignment, notification of disposition of collateral, Dept of Treasury information of Wildly Organic, LLC, MN Secretary State Certificate of Organization; and an email correspondence with Lake Bank. There was discussion relating to the need for a short time frame for decision on request, setting precedence for rent abatements to other businesses, loss of previous rents already owed to the city, and rental of the building if another tenant is interested. Fralich reported on her discussion with Lake Bank, verifying the information from Mr. Toal is correct, that the business plan projections are reasonable and based upon historic trends of past business, that rent was included in the projections but the operations do not cash flow for the first five to six months, that there is a need for cash infusion unless a rent reduction would occur.

Jim Fitzgerald spoke, as a previous employee of Wilderness Products, and whose wife is currently employed and stated that he has seen first hand the work Chris Toal has done to help this business, the customers they work with as he was in shipping, that the employees have a passion for working for this business, and that there isn't any existing business wanting to go into the building so allow a chance for the business to stay.

Motion by Hoff, Second Perfetto to approve the rent abatement for the remaining term of the Lease. City Attorney requested clarification of the motion in order to write the assignment properly and that reasons for choosing abatement should be stated in the record. Mayor stated he thought it was a mistake to give the abatement and should not reflect that the business isn't supported or jobs are not wanted, that the City didn't create the issue, and thus he would not be voting in favor of the motion. Councilor Perfetto agreed with the Mayor. Councilor Hoff was in favor of the abatement due to the number of jobs of this business and that they are significant to a small town, the importance of the jobs to the families who work there, that there isn't a current list of businesses waiting to rent the space, that the \$70,000 loss is not going to be different if the business stays or leaves, but it gives a chance for the jobs to stay in the area, and that he was encouraged that the Lake Bank did do a review of the business. Councilor DeRoiser noted that he was unable to vote; however felt that the City was not out anything, and that as long as the City was able to cover utilities and have the ability to rent the space or give first right of refusal to the business, and we review the security deposit issue, it would allow the business to have a chance. There was discussion of the assignment from Wilderness Products, LLC to Wildly Organic, LLC, utility reimbursement of \$1500-\$1700, first right of refusal, and security deposit. Mayor suggested to first vote on if there is interest in allowing a rent abatement and the details could be worked out later. Hoff voted Aye, Perfetto and Mayor Johnson voted Naye, DeRosier did not vote, and one member was absent. MOTION DENIED.


Motion by Hoff, second Perfetto to adjourn at 2:42 P.M. MOTION CARRIED.

Minutes taken by Lana Fralich

Attest:



Scott M Johnson, Mayor



Lana Fralich, City Administrator