



Special Meeting Agenda
City of Mora, Economic Development Authority
2 p.m. Tuesday, March 7, 2023
Mora City Hall

Mora City Hall
101 Lake Street S
Mora, MN 55051
Kanabec County,
Minnesota

The Economic Development Authority (EDA) is responsible for improving the community's economic condition through job creation, tax base growth, and other means.

1. Call to Order

- 2. Roll Call:** ☐ Jody Anderson ☐ David Youngquist ☐ Robert Jensen ☐ Dan Johnson
 ☐ Brett Baldwin ☐ Alison Holland ☐ Mike Segner ☐ Rose Krie

3. Adopt Agenda *(No item of business shall be considered unless it appears on the agenda for the meeting. Board members may add items to the agenda prior to adoption of the agenda.)*

4. Special Business

- a. Industrial Park Proposal

5. Adjournment

The next regular meeting of the EDA is scheduled for **2 p.m. Tuesday May 2, 2023**



MEMORANDUM

Date March 7, 2023
To Economic Development Authority
From Kirsten Faurie, Community Development Director
RE Industrial Park Proposal – Nick Mitchell

SUMMARY

The EDA will consider a proposal to purchase land in the Mora Industrial Park. The City of Mora Business Subsidy Policy offers guidelines to the sale of Industrial Park land (attached).

BACKGROUND & DISCUSSION

The City has received a proposal from Nick Mitchell to purchase a 4.84 acre lot in the Mora Industrial Park, Lot 5 Block 1.

BUSINESS PLAN: Mr. Mitchell is in the process of purchasing the Mora Marine Service business, but not the building and land. Mr. Mitchell intends to relocate the business to the industrial park offering service/repair, parts, storage and eventually retail boat sales.

BUILDING: Mr. Mitchell intends to construct a 4,000 square foot building on the lot and 7-foot high chain link fence around the property with a 16-foot rolling gate; much of the lot will be utilized for outdoor boat storage. The building will be split between service and a sales floor, with the intent of eventually selling boats in addition to offering service, parts and storage.

The city's Business Subsidy Policy advises developers construct a building covering a minimum of 5.75% of the lot. Mr. Mitchell's proposed 4,000 square foot building would cover 1.9% of the lot. A building would need to be 12,123 square feet to meet 5.75% building coverage.

JOBS: Mr. Mitchell's business plan states the initial staff for Mora Marine will include himself and a full-time mechanic. His goal future expansion goals include adding a part-time technician up to two more full-time technicians, a boat salesperson/loan specialist, and parts specialist/advisor. The total potential job creation is 2-6 FTE.

PRICE: The attached proposal includes an offer of \$50,000 (\$10,331 per acre) for the lot. The City of Mora Business Subsidy Policy offers guidelines to the sale of Industrial Park land set the price of land in the industrial park at \$12,500 per acre. The EDA may deviate from its asking price by accepting a lesser amount for sale to a business which meets its community and economic development goals and objectives. The Kanabec County Assessor's Office has placed a 2022 valuation of \$49,100 on the lot (\$10,145 per acre).

Mr. Mitchell is unable to attend the March 7 EDA meeting, but will be available by phone during the meeting for questions.

Memorandum

STAFF RECOMMENDATION

Staff believes Mr. Mitchell's proposal provides benefits to both the business and the City. It will provide an opportunity for an existing business to expand and it will increase the tax base. While the proposed building size is less than the minimum lot coverage required by the City, the land is being utilized by the business as outdoor storage.

ACTION REQUESTED

Discuss Nick Mitchell's proposal.

- Determine if the board is comfortable deviating from the Business Subsidy Policy's minimum building coverage of 5.75% of the lot.
- Determine if the board finds the offer of \$50,000 acceptable

If the Board finds the proposal acceptable, offer a motion to recommend approval of the sale pending review of terms. Set a special meeting to review those terms.

If the board does not find the proposal acceptable, discuss a possible counter-offer or refer the proposal to an EDA Review Committee.

Attachments:

Proposal Letter

Location Map

Industrial Park Land Sales Program Guidelines

To whom it may concern,

My name is Nick Mitchell. I am interested in purchasing lot "L5,B1" from the City of Mora. I am currently in the process of acquiring Mora Marine Service and I have the full intention to keep the business in the city of Mora, this land will allow me to do that. With the 4.84-acress I will be putting up a building of 4000 square feet, and using the rest of the land for storage. The building will be roughly 50/50 for services and a sales floor. Until I get new boats there will be some retail sales – mostly consisting of parts and accessories for the motors. Storage will be all year long and at peak times will have over 100 boats covering most if not all the available land on the lot. It will be myself and one full-time mechanic to start. With the plan to get into new boat sales and grow mechanic services, it will allow me to expand to two to three full-time technicians, a service advisor, and at least one operations/sales associate. Please see my attached intent letter for my offer on the land. I look forward to serving the community of Mora.

Thank you,

Nick

RECEIVED



FEB 24 2023

LETTER OF INTENT

February 24, 2023

The undersigned, Nicklaus R. Mitchell, individually, and/or on behalf of a business entity to be formed by him and that will be fully owned by him (hereinafter referred to as the “Buyer”), hereby proposes to purchase from the City of Mora (hereinafter referred to as the “Seller”), the property located at Lot 5, Block 1, Mora Industrial Park (hereinafter referred to as the “Property”) on the following terms and conditions:

1. **Purchase Price:** Fifty Thousand Dollars (\$50,000.00).
2. **Payment Terms for the Purchase Price:** Cash received pursuant to Buyer’s SBA loan financing through Magnifi Financial Credit Union. The purchase agreement is contingent upon Buyer’s ability to obtain said financing.
3. **Closing Date:** Closing shall take place not later than April 15, 2023.
4. **Title Evidence:** Seller shall provide evidence of title and shall convey marketable title to the Property to Buyer at Closing, free and clear of all outstanding encumbrances.
5. **Exclusivity and Confidentiality:** Seller shall not offer the Property for sale to others until the termination of this Letter of Intent. Buyer and Seller agree not to discuss the existence of this Letter of Intent, the on-going negotiations subsequent to it, or the proprietary business information disclosed therewith, with anyone not affiliated with or a designated agent of either Buyer or Seller. This provision is binding.
6. **Personal Property:** The following Personal Property is to be included in the transaction contemplated by this Letter: None.
7. **Assignment by Buyer:** Notwithstanding any of the foregoing, Buyer reserves the right to assign its interest in the purchase agreement.

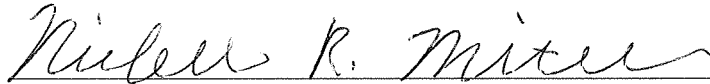
8. Representations and Warranties: Seller shall make the following representations and warranties as a part of the transaction: tax moratorium three (3) years.

9. Non-Binding: This Letter of Intent (other than the binding Confidentiality provisions contained herein in Section 5 above) is nonbinding. Buyer and Seller shall only become obligated by the signing of a purchase agreement which contains the terms and conditions of the transaction.

10. Expiration Date: The offer to complete the transaction contemplated by this Letter of Intent shall expire and be of no further force or effect on May 15, 2023.

BUYER:

Date: February 24th, 2023.



Nicklaus R. Mitchell

SELLER:
THE CITY OF MORA

Date: February _____. 2023.

By: _____

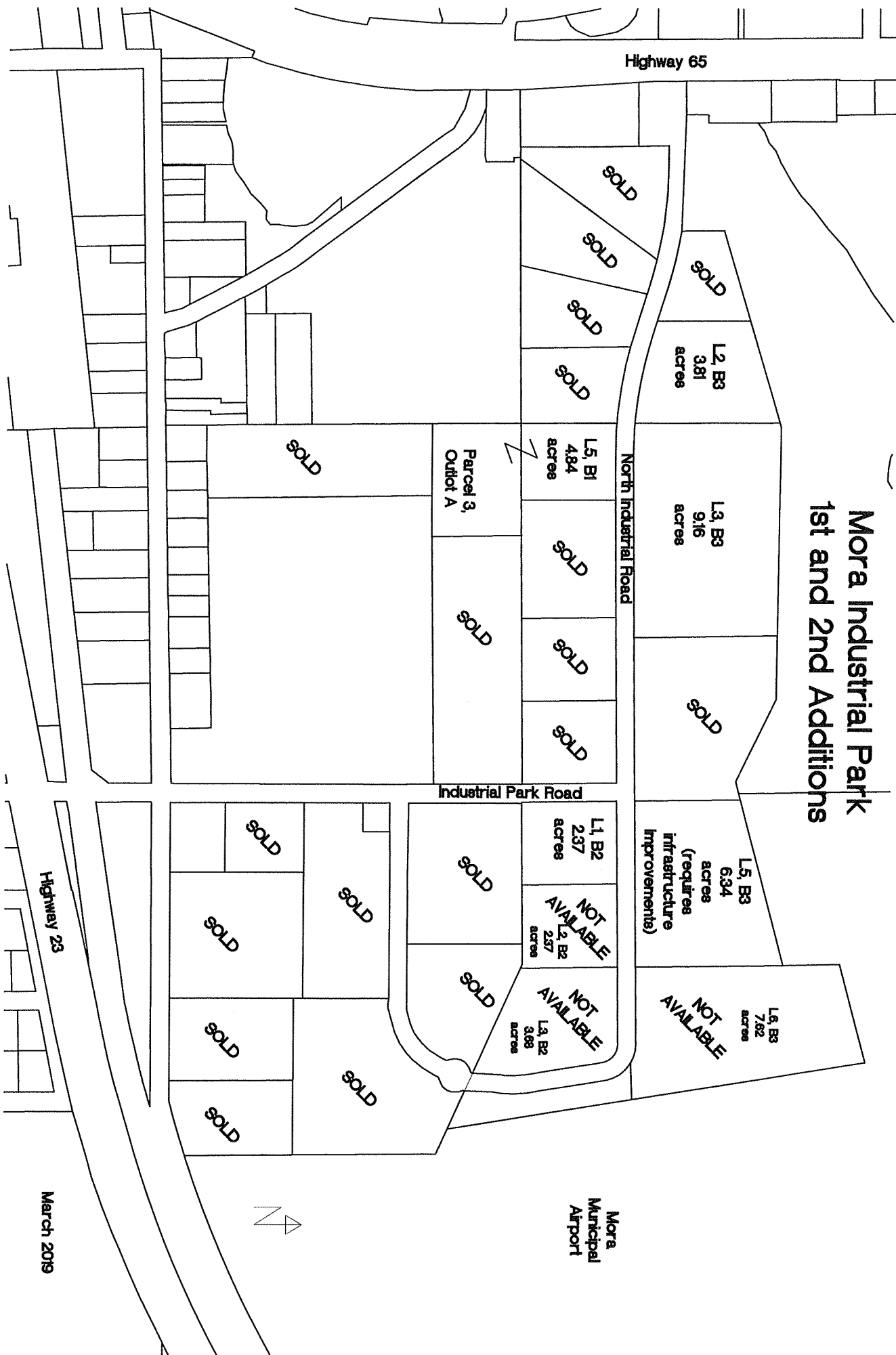
Its: _____

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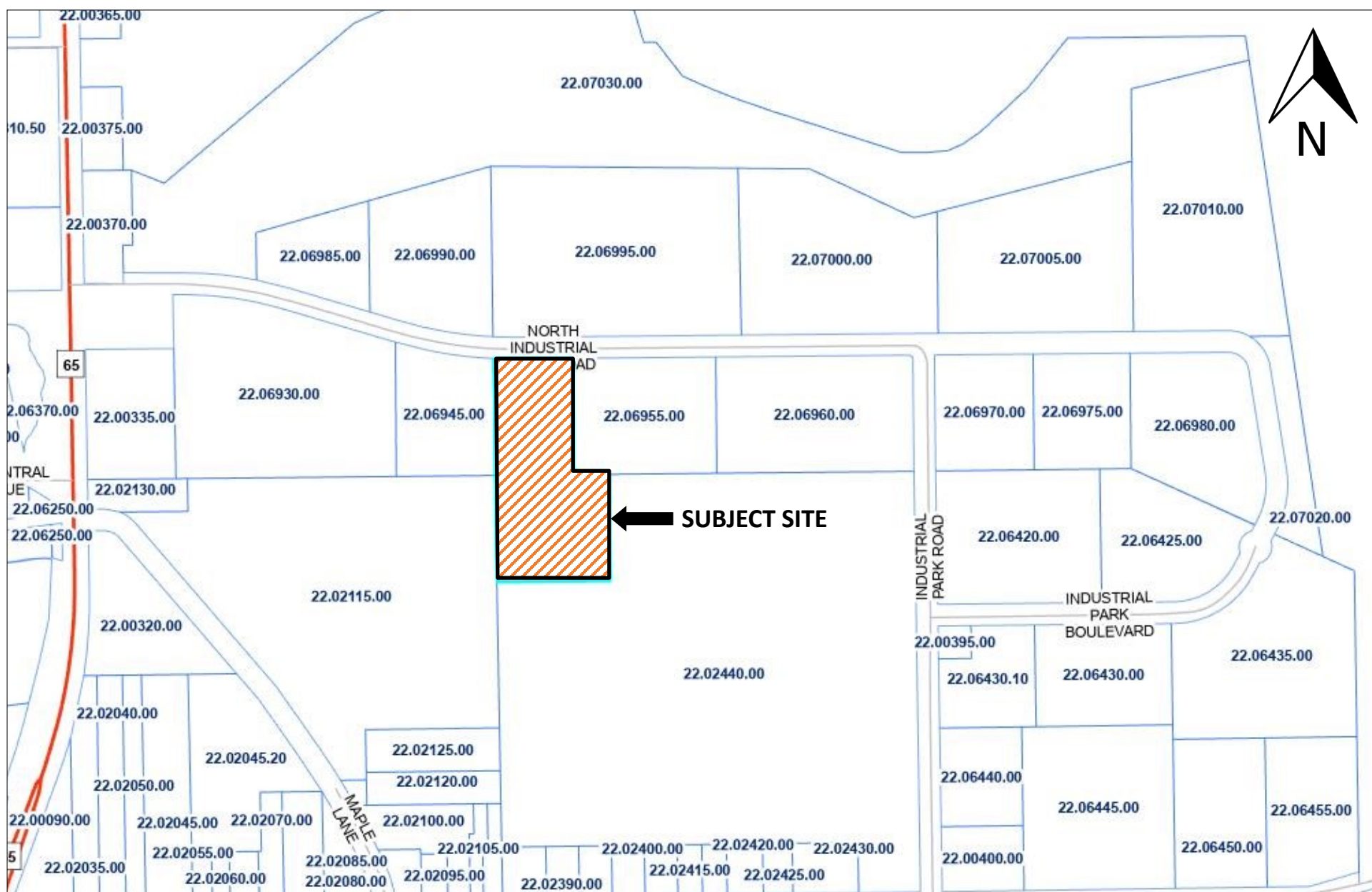
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(KF)

Mora Industrial Park 1st and 2nd Additions



March 2019



Section 17 Industrial Park Land Sales Program Guidelines.

(A) Eligible Uses. The primary objective of the industrial park is to provide a home for industrial operations.

(B) Land Sales. The EDA has set the price of land in the industrial park at twelve thousand five hundred dollars (\$12,500) per acre. This price includes all improvements to the property including paved street, curb & gutter, street lighting, storm drainage, water and sanitary sewer. The Developer shall be responsible for all costs in transferring the land, including all closing costs. A deposit as shown in the EDA fee schedule shall accompany all purchase agreements to cover said costs. The unused balance shall be returned to the Developer.

Notwithstanding the above, the EDA may deviate from its asking price by accepting a lesser amount for sale to a business which meets its community and economic development goals and objectives. A premium may be charged on those properties with extra amenities.

(C) Program Criteria

(1) All businesses locating in the industrial park must meet the following criteria:

(a) Developer must construct a building covering a minimum of five and three-quarters percent (5.75%) of the lot.

(b) Developer must begin construction of a building within one (1) year of the date of sale.

(c) Building must meet design criteria as determined by the City.

(D) Subsidies and Incentives

(1) To receive a subsidy the business must meet the following criteria:

(a) Developer will receive a reimbursement of one thousand dollars (\$1,000) per acre from the purchase price for each FTE job created and retained for two (2) years. The hourly wage plus health care benefits for each employee must be equal to at least one hundred ten percent (110%) of the federal poverty level for a family of four (4). The EDA shall establish the dollar amount of the federal poverty level formula from time to time as deemed necessary.

(b) The Business Subsidy Agreement shall establish a job creation goal and the business will have two (2) years from the time the Agreement is fully executed to begin the hiring process.

(c) The two (2) year retention period shall begin upon hiring of the final job identified in the Business Subsidy Agreement's job creation goal.

(d) In order to receive the incentive, the business must provide the City with documentation of hire dates and corresponding compensation for all jobs included in the Business Subsidy Agreement's job creation goal.

(e) The total dollar amount of the incentive shall not exceed the purchase price of the land.

(2) A five thousand dollar (\$5,000) incentive is offered to a third party initiating a development proposal for construction of a building in the industrial park. To receive the incentive the proposal must meet the following criteria:

(a) The building proposal must be in writing and signed by the city, the business, and the third party developer, if any, and contain language regarding the incentive payment.

(b) The incentive shall be paid after a Certificate of Occupancy has been issued by the City's Building Official.

(c) Employees of the City of Mora and members of its City Council, boards, and commissions are not eligible for the incentive payment.

(E) Default

(1) Should a building not be built within one (1) year the property shall revert back to the City at the price paid by the Developer less costs of reverting the land.

(2) Should the Developer fail to retain the stated number of jobs the Developer shall repay to the City the subsidy created by the jobs not retained.

Section 18 Technical Assistance.

(A) Technical and Management Assistance. The EDA will provide technical and management assistance to existing or start-up companies by referring them to appropriate organizations. These organizations all have professionally trained staff that can provide technical and management consultation to business owners and their executives.

(B) Loan Packaging. Companies seeking assistance with loan packaging services may be aided by the EDA staff and/or other appropriate public or private sources including Small Business Administration, East Central Regional Development Commission, Mora EDA, Kanabec County EDA, DEED or private consulting firms.