

Crosslake City Council

December 20, 1982 - 6:30 PM -- SPECIAL MEETING - Sale of Telephone
Company Warehouse

The meeting was called to order by Mayor Carol Coulter. Council members present were Andolshek, Anderson, Arends and Delmonico. There were several members of the Telephone Commission present including Helen Fraser, Interim Manager and members of the firms of Goedker Realty and Lindenberg & Assoc. Orval Nelson, Councilman Elect for 1983 was also present.

The mayor explained that she was completely confused as to whether we have a legal contract or if we have two offers and she wonders why it was not brought up at the meeting of December 13th. The mayor asked Council Liason Arends as to the step by step procedure of the sale and where we are now. Arends stated that perhaps he should have presented the offer from Dr. Rachie and Goedker Realty but at the time he felt it would be best to table the matter until they could get some legal advice. The mayor stated that at the time of the meeting no council member was aware that a purchase agreement had been signed subject to council approval by December 13th. She asked if the reason the matter was tabled was the offer by the second party through Lindenberg's company which was a higher offer. She stated again that the council simply did not know that anything had been signed.

Fred Bieber, Telephone Commission Chairman, explained that an offer had been presented at their meeting of November 26th from Dr. Rachie which the Commission considered to be too low and a counter offer was drawn up increasing the price and he was given 10 days to respond. He stated that it was understood that any offers would be subject to the approval of the City Council and Dr. Rachie made the \$500. deposit. He stated that no deposit had been made by the second party and that he was not even aware of the second party until just before the Council meeting of December 13th. He stated that perhaps this should have been presented to the Telephone Commission first but of course there was not time.

The mayor stated again that the council except for Arends had not been aware of a signed purchase agreement or had even seen it until this meeting.

Delmonico stated that as far as he was concerned we did have a binding purchase agreement with Dr. Rachie up until December 13th subject to council approval and that up to the present moment it is the only binding purchase ^{agreement} that the council has. The mayor stated that she feels that the city is obligated to honor the agreement.

Anderson then read the letter from the League of Minnesota Cities as to their opinion of the situation. The League was consulted as our City Attorney, Randy Hanson, also represents both Real Estate Companies involved.

The mayor stated that she felt it was bad ethics to table the matter just because we had another possible buyer. Ted Pederson said it was a shame that the council was not provided with a copy of the Purchase Agreement on the meeting of December 13th and that he would have spoken up when the matter was tabled but that he did not have a chance to do do. Mr. Pederson is an agent for Goedker. Bob Souther, Goedker Realty, again stressed that the second offer was not a binding offer. In the discussion Orval Nelson, Councilman-elect, questioned Anderson whether it would not be a conflict for interest for Anderson as he is connected

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with Lindenberg & Assoc. the other realty firm. Anderson responded that he would not vote on the matter and was simply partaking in the discussion which he is allowed to do.

In the discussion that followed as how this mix up happened, Arends stated that it was his fault for not bringing it before the Council when they could have accepted it or rejected it. The mayor complemented him for accepting the blame and stated that she would not want the Council put in an embarrassing situation like this again.

Delmonico stated that he felt that the city has a moral obligation to uphold the agreement given in good faith and signed by the Telephone Manager subject to council approval as recommended by the Telephone Commission. The mayor apologized to Mr. Lindenberg and to anyone else who made an offer after the agreement was signed. Mr. Lindenberg stated that no one ever informed him of the agreement with Dr. Rachie. Andolshek stated that it was in the agenda in the newspaper and Mr. Lindenberg replied that he did not see it.

Helen Fraser, Interim Manager of the Telephone Company stated that perhaps some of the blame should lay with her in the handling of the matter. She stated that two weeks before Mr. Lindenberg had called her and said that he had an offer for \$24,000. for the building from Ray Schreiber, a resident of the community and that she had informed him that he would have to put it in writing and that they had already received a higher offer. He then offered \$27,925. two weeks later, just before the meeting of the council.

In discussing whether the purchase was still valid due to the tabling of the motion, it was decided that ^{agreement} it was and the following motion was made:

MOTION: By Arends and seconded by Andolshek that we do accept the recommendation of the Telephone Commission in regard to the sale of the old Telephone Company warehouse as stated in the purchase agreement with Dr. Rachie through Goedker Realty. The motion carried with all members voting, "AYE", except Anderson who abstained.

MOTION: By Anderson and seconded by Delmonico that the meeting be adjourned. The motion carried and the meeting was adjourned.

Respectfully submitted,

Jan Laughlin
Jan Laughlin, Clerk-Treas.