

COUNCIL PROCEEDINGS  
CROSSLAKE MINNESOTA  
SPECIAL COUNCIL SESSION

May 18, 1987 - 6:00 p.m. at City Hall

The City Council of Crosslake Minnesota met in a special session on Monday May 18, 1987 at 6:00 p.m. in the Council Chambers of City Hall. The following members were present: Mayor Oliver Courts and Councilmembers Elizabeth Andolshek, Lyle Arends, Diana Gallaway and Oliver Yates. Also present were City Attorney James Gammello and Planning and Zoning Coordinator Marlowe Kingstedt. There were approximately three members of the community present.

Mayor Courts called this special meeting to order at 6:00 p.m. and said the first item for Council consideration would be the recommendation of the Planning and Zoning Commission regarding the amendments to Ordinance No. 8.65. Mr. Kingstedt explained that at the Planning and Zoning Meeting on May 15, 1987 the Commission passed this amendment and asked the Council to act on it and set a public hearing to adopt the revisions. MOTION NO. 5S4-01-87 WAS MADE BY COUNCILMEMBER GALLAWAY AND SECONDED BY COUNCILMEMBER ARENDS TO ACCEPT THE RECOMMENDATION OF THE PLANNING AND ZONING COMMISSION TO AMEND ORDINANCE NO. 8.65, SUBD. 4 AND SUBD. 4 (a) RELATING TO SALE OF REAL ESTATE WITHOUT A CERTIFICATE OF COMPLIANCE ON FILE, AND TO SET THE PUBLIC HEARING FOR SAID ORDINANCE AMENDMENT FOR JUNE 8, 1987. MOTION PASSED UNANIMOUSLY.

Mayor Courts indicated the next item for consideration by the Council would be the amount to state on the purchase agreement for the Unique Boutique Building. Mayor Courts asked Mr. Gammello to address this issue and to point out to the Council what a purchase agreement is and what it is for.

Mr. Gammello distributed copies of a purchase agreement to members of the Council. Mr. Gammello said the City is authorized to purchase existing property without any formal hearings but because all of the meetings are open to the public and the motions were printed in the paper it makes the purchase price a public matter and dealing on property a little more difficult. He said it might indicate to the seller that he will get full price for the property. Mr. Gammello indicated there was also an article in the newspaper relating the results of the survey and because of all this he recommended the Council should proceed with caution.

Mr. Gammello said the next step is to make an offer to the seller by use of a purchase agreement. Because this will be a legally binding contract after it is signed by the Mayor and Clerk and accepted by the seller, the offering price should be reasonable. This offer will be a formal offer to purchase the property.

Contingencies were discussed with the following to be placed on the purchase agreement: (1) Certificate of survey; (2) Easement on North side of building; (3) Building must conform to all local, state and federal laws; and (4) Escrow money should be put into an interest bearing account.

Mr. Gammello stated that if the City were to buy the property outright for cash it would be a typical sale but if there were to be a contract in the purchase it would involve some legal implications.

Title insurance was discussed and Mr. Gammello said that although title insurance is not typical in this area it would be a good idea for the City of Crosslake to obtain it. Mr. Gammello stated that the title opinion does not cover all problems such as survey questions which are typically disclaimed, but that asking for an additional rider on the title insurance that problem will be covered. Mr. Gammello stated that survey questions are a gray area.

Councilmember Arends stated that on page 200 of the Code Book it stated that business offices and retail stores must have one space for each 100 square feet of floor space. Mr. Gammello indicated that was for planning and zoning to consider when issuing a building permit. Mr. Gammello stated that the City Council is the ultimate authority as far as that is concerned.

Councilman Arends stated he would like to wait thirty days before doing anything. He stated that he would not have attended the meeting if he had known there would be discussion on a purchase agreement. He stated the notice said to proceed with the survey. Mayor Courts said the seller would not proceed with the survey without a purchase agreement to show an intent to purchase. Mr. Gammello said he wanted the Council to understand that a Purchase Agreement shows the seller that there is more than a verbal agreement, that there is a definite interest in purchasing the property. He said as far as waiting for thirty days, this will probably take at least forty-five days or the closing can be set back for at least forty-five days. Mr. Gammello stated that you typically provide earnest money and if the buyer backs out of the sale the money is typically the sellers but if the contingencies are not met the City will get their earnest money back and the sale is off.

Mr. Gammello stated that if any member of the Council had any factual knowledge regarding the property that should be stated on the purchase agreement they should let it be known. Real estate taxes and assessments were discussed. How wide the easement on the North should be was discussed. Earnest money in interest bearing account was discussed.

Councilmember Arends questioned Mr. Gammello about representing the City and representing the real estate companies in the City. Mr. Gammello indicated that as far as he knows none of the real estate companies in the City were involved with this sale. He stated he has represented Realty World Shores and More, ERA Lindenberg and Vacation Properties Network but none of them are involved with this sale. Mr. Gammello stated that in this transaction he is representing only the City and he could assure the Council that he was not representing Dick Rhode or Dave Lingwall in any capacity on this transaction. Councilman Arends asked about Bruce Larson who was mentioned in some of the Funding and Future Development minutes as the representative of the City and Mr. Gammello said he could reassure Mr. Arends he was not representing Mr. Larson. Mr. Gammello stated he is representing the City and will be paid his hourly rate from the City and will not receive any Commission from the sale because he is not a broker.

To come up with an amount of money for the purchase agreement, Mayor Courts told the Council the amount of money available was \$75,367.74 from Revenue

Sharing funds and interest and \$48,825.82 which is currently in dedicated funds for City Hall for a total sum available of \$124,193.56 without taking any money out of this years budget. The amount budgeted for this year is \$43,036.00 for City Hall.

Mayor Courts said he would like to see an offer presented of \$124,000.00. Councilman Arends said he would like to see an offer of \$100,000.00 presented.

Mayor Courts asked Mr. Gammello what closing costs would be the responsibility of the City. Mr. Gammello stated that the Title Opinion would be approximately \$100.00, title insurance is regulated by statutes and he estimated it at approximately \$400.00, attorneys fees on behalf of the buyer (City) and recording fees but the City is exempt from recording fees.

Mr. Gammello indicated it is the responsibility of the seller to produce an abstract, obtain the easement, to pay sellers attorneys fees and to pay real estate commissions.

Mayor Courts asked the Council for an amount to offer for the purchase agreement. MOTION NO. 5S4-02-87 WAS MADE BY COUNCILMEMBER GALLAWAY TO OFFER \$124,000.00 WITH EARNEST MONEY DOWN OF \$5,000.00 TO BE HELD IN AN INTEREST BEARING TRUST ACCOUNT. Mr. Gammello stated that he would like to see an offer of \$124,193.56 because that is the exact amount of money the City has on hand to purchase the building. COUNCILMEMBER GALLAWAY STATED SHE WOULD LIKE TO AMEND HER MOTION TO OFFER \$124,193.56 ON THE PURCHASE AGREEMENT. COUNCILMEMBER ANDOLSHEK SECONDED THE AMENDMENT. MOTION PASSED TO AMEND MOTION NO. 5S4-02-87 WITH COUNCILMEMBER ARENDS VOTING NAY.

Mr. Gammello stated the next step for the Council would be to identify any personal property which should be included in the purchase agreement. Councilmember Gallaway mentioned that there are desks, an alarm system, furniture from the employees room and a coke machine that she felt the City might be able to use.

MOTION NO. 5S4-02-87 WAS RESTATED AND SECONDED BY COUNCILMEMBER ANDOLSHEK. MOTION PASSED WITH COUNCILMEMBER ARENDS VOTING NAY.

MOTION NO. 5S4-03-87 WAS MADE BY COUNCILMEMBER ANDOSLHEK AND SECONDED BY COUNCILMEMBER YATES TO GIVE COUNCILMEMBER GALLAWAY THE AUTHORITY TO LOOK AT THE PERSONAL PROPERTY IN THE UNIQUE BOUTIQUE BUILDING AND MAKE A LIST OF IT TO PUT INTO THE PURCHASE AGREEMENT. MOTION PASSED WITH COUNCILMEMBER ARENDS VOTING NAY.

Mr. Gammello said the next item would be establishing a closing date. He indicated the normal time is 30 to 45 days but it could be extended if the Council feels that it is necessary. Discussion ensued regarding the time limit the seller should have to accept or reject the offer, the real estate taxes for this year, special assessments which might be due, pro-rating the gas and electric and authorization for the Mayor and Clerk to sign the purchase agreement on behalf of the City. MOTION NO. 5S4-04-87 WAS MADE BY COUNCILMEMBER GALLAWAY AND SECONDED BY COUNCILMEMBER ANDOLSHEK TO STATE IN THE PURCHASE AGREEMENT THAT THE CLOSING DATE IS TO BE JULY 1,

1987, THE SELLER WILL HAVE TEN DAYS TO ACCEPT THE OFFER, SELLER WILL PAY ALL REAL ESTATE TAXES FOR THIS YEAR, SELLER WILL PAY ALL ASSESSMENTS THAT MAY BE DUE, GAS AND ELECTRIC ARE TO BE PRO-RATED AT THE TIME OF CLOSING AND TO AUTHORIZE THE MAYOR AND CLERK TO SIGN THE PURCHASE AGREEMENT ON BEHALF OF THE CITY. MOTION PASSED WITH COUNCILMEMBER ARENDS VOTING NAY.

Mayor Courts then read the summary of Ordinance No. 11 Third Series so the Council could vote on having the summary only published. MOTION NO. 5S4-05-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER GALLAWAY TO PUBLISH THE SUMMARY OF ORDINANCE NO. 11, THIRD SERIES RELATING TO LAND USE REGULATIONS FOR THE CITY OF CROSSLAKE AND ESTABLISHING A FLOOD POLICY. MOTION PASSED UNANIMOUSLY.

MOTION NO. 5S4-06-87 WAS MADE BY COUNCILMEMBER ANDOLSHEK AND SECONDED BY COUNCILMEMBER YATES TO ADJOURN THIS SPECIAL COUNCIL SESSION AT 7:14 P.M. MOTION PASSED UNANIMOUSLY.

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Mayor Courts called this special Council Session to order at 7:14 p.m. and apologized to the citizens present for the delay since this meeting was to begin at 7:00 p.m.

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All Councilmembers remained present for this Council session.

Mayor Courts said the first item would be a request he had from several interested parties to reconsider the charitable gambling license request by Camp Confidence at the Ye Olde Wharf. MOTION NO. 5S5-01-87 WAS MADE BY COUNCILMEMBER ANDOLSHEK AND SECONDED BY COUNCILMEMBER GALLAWAY TO RECONSIDER THE CHARITABLE GAMBLING LICENSE REQUEST BY CAMP CONFIDENCE AT THE YE OLDE WHARF. MOTION PASSED UNANIMOUSLY.

Mayor Courts called on Jo Lattery, Manager of the Ye Olde Wharf to address the Council regarding the situation. Ms. Lattery said that because this is their first summer in Crosslake they feel it will be difficult to train the help and keep everything running smoothly if the bartenders have to sell pull-tabs and also the bartenders have requested that they do not want the responsibility of selling the pull-tabs. Ms. Lattery indicated that the main reason she would like to have Camp Confidence sell them is because they hire their own salespeople. Mr. Dean Eggena from the Lions Club said that the Club pays the Ye Olde Wharf \$125 a month rent and \$250 a month to help pay their bartenders and they would hire someone from the Lions Club for special holidays. Ms. Lattery said neither she nor Mr. Cheever were interested in having their bartenders sell any pull-tabs.

After a lengthy discussion MOTION NO. 5S5-02-87 WAS MADE BY COUNCILMEMBER ARENDS AND SECONDED BY COUNCILMEMBER ANDOLSHEK TO DENY THE CHARITABLE GAMBLING LICENSE REQUEST BY CAMP CONFIDENCE AT THE YE OLDE WHARF. Discussion continued. MOTION PASSED WITH COUNCILMEMBER ANDOLSHEK VOTING NAY.

Mr. Dave Savoi said he was disappointed for the way the Council felt about wanting outsiders operating here so he would not be back to renew his license at the Exchange Club when it was due.

Mayor Courts said he was sorry for the way Mr. Savoi felt because he did not want any hard feelings. Mayor Courts indicated that if Camp Confidence was going to give up the Exchange there were several organizations wanting a gambling license in Crosslake.

Mayor Courts then turned the meeting over to Mr. Gerry Boe of the Whitefish Property Owners Association.

Mr. Boe indicated the primary purpose for requesting a meeting with the Council and other community organizations was to get together to see what could be done regarding tourism and promoting Crosslake.

Those persons present and the organization they represented were: Alec Donaldson, Whitefish Property Owners; Jean Paul Hudon, American Legion; Nancy Koch, Chamber of Commerce; Mr. and Mrs. Tom Richardson, Whitefish Property Owners; Dodo Fraser, Chamber and Historical Society; Jim Gallaway, Lions Club; Eldon Peterson, Lions Club; Bob Turner, Whitefish Property Owners; Marlowe and Geri Kingstedt; Lois and Al Benson, Whitefish Property Owners; Joe Doerfler, Lions Club; and George Bleeker, Whitefish Property Owners Association.

Discussion ensued as to what is needing attention or things that could be done to help promote tourism. Some of the concerns that were discussed are public restrooms, garbage cans, buckets of flowers, removing out-of-date signs which are left up and merchants parking their own vehicles in front of their business place. It was the consensus of the group present that things should be done to make people feel this is a cute, nice little town and everyone in it is friendly and cooperative. Outsiders should be made to feel welcome. Another consideration was to improve the hours of the eating establishments.

Mr. Eggena says that he feels the Lion's Club has grown and benefited the City. He said he feels by working on something and getting it going well and publicizing it and growing with it every year is the way the Lion's have made their ice racing grow as it has.

It was the feeling of the group that not having a large motel or housing to accommodate large groups was one big reason for not being able to attract big winter activities.

Mr. Benson said he would arrange to get some restrooms set up if he could convince the Lion's Club, the Chamber and the Whitefish Property Owners to sponsor and pay for them.

A negative city attitude was discussed briefly.

Nancy Koch, Chamber President, said the Chamber was trying to get a logging days started but they could not get enough support so the whole thing has to be scratched.

Having a fishing contest and putting tags on a few fish were mentioned for drawing people.

The idea of having more joint meetings with the various organizations was discussed and all present thought it would be a good idea.

MOTION NO. 5S5-03-87 WAS MADE BY COUNCILMEMBER ANDOSLHEK AND SECONDED BY COUNCILMEMBER ARENDS TO ADJOURN THIS SPECIAL COUNCIL SESSION AT 8:56 P.M. MOTION PASSED UNANIMOUSLY.

Recorded and transcribed by:



Arlene A. Buchite  
City Clerk/Treasurer