

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
October 11, 2016, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The October 11th, 2016, Regular Meeting of the Park Rapids City Council was called to order at 6:00 p.m. by Mayor Pat Mikesh, and everyone present recited the Pledge of Allegiance.

2. ROLL CALL: Present: Mayor Pat Mikesh, Councilmembers Ryan Leckner, Rod Nordberg, and Erika Randall. Absent: Councilmember Paul Utke. Staff Present: Administrator John McKinney, Planner Ryan Mathisrud, Police Sergeant Justin Frette, Public Works Superintendent Scott Burlingame, Public Facilities Superintendent Chris Fieldsend, Liquor Store Manager Scott Olson, and Clerk Margie Vik. Others Present: Tom and Gail Petschl, Monte Eastvold, Sue Tomte, Nicole Lalum, Dick Rutherford, Danielle Nordby Lien, and Kevin Cederstrom from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve the agenda with the following change: a revised resolution was presented for Item #6.4.

4. APPROVAL OF MINUTES:

4.1. City Council Regular Meeting Minutes-September 27, 2016: A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the September 27th, 2016, City Council Regular Meeting minutes as presented.

5. FINANCE:

5.1. Payables & Prepaids: A motion was made by Mikesh, seconded by Nordberg, and unanimously carried to approve the payables in the amount of \$34,016.45, and the prepaids in the amount of \$126,794.69, for a total of \$160,811.14.

6. CONSENT AGENDA: Mikesh removed Item #6.12. from the consent agenda. A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve the following consent agenda items:

- 6.1. **Approve Pay Request in the Amount of \$1,558.00 for Braun Intertec for Construction Material Testing for the Riverside, North Main Avenue, and Mill Road Projects.**
- 6.2. **Approve Pay Request in the Amount of \$23,100.00 for Hammers Construction for Work Completed on the Deane Park Restroom Project.**
- 6.3. **Approve Final Payment in the Amount of \$92,000.00 to Michael and Jacoline Vettel for the Purchase of the Pharmacy Shoppe Property.**
- 6.4. **Resolution #2016-164 Certifying Delinquent Utility Bills to the Hubbard County Auditor Payable in the Year 2017.**
- 6.5. **Approve Pay Request in the Amount of \$99,756.65 to Bob Bristlin and Son Construction Company for Work Completed on the Fire Hall Expansion Project.**
- 6.6. **UTILITY BILLING: Approve Reduction in the Amount of \$48.69 for the 2016 Third Quarter Billing of the Water/Sewer Account for Darlene Wells at 322 East River Drive.**
- 6.7. **Resolution #2016-165 Authorization to Execute Minnesota Department of Transportation Grant Agreement for Airport Improvement Excluding Land Acquisition.**
- 6.8. **Approve Pay Request in the Amount of \$1,830.70 for Gary Peterson for Professional Services Regarding the Background Check for the Police Chief Position.**
- 6.9. **Approve Pay Request in the Amount of \$4,884.50 for Apex Engineering Group for Professional Services Regarding the Fire Hall Expansion and the Riverside Area-Phase One Project.**
- 6.10. **Approve Pay Request in the Amount of \$744.80 for TKDA for Professional Services Regarding the 2016 Apron and Taxiway A Rehabilitation Project at the Park Rapids Municipal Airport.**
- 6.11. **Approve Pay Request in the Amount of \$2,778.23 for TKDA for Professional Services Regarding the Master Plan at the Municipal Airport.**
- 6.12. *Removed from the consent agenda.*
- 6.13. **Resolution #2016-166 Accepting Donations for the City of Park Rapids.**

6.14. Resolution #2016-167 Authorizing the Proper City Officials to Execute the Grant Offer by and between Northwest Minnesota Foundation and the City of Park Rapids.

END OF CONSENT AGENDA

6.12. Approve Pay Request in the Amount of \$20,000.00 for Hubbard County Regional Economic Development Commission for the Second Half of the 2016

Payment: Mikesh stated I'd like to have David Collins here to bring us up to date on what's been going on before we approve this payment. McKinney stated I'll have him come to the next meeting.

7. COMMENTS FROM CITIZENS: There were no comments.

8. PLANNING:

8.1. Resolution to Approve a Conditional Use Permit to Allow Construction and Operation of a Recreational Facility in the B-1 Zoning District at 1009 Hollinger Street, PID #32.68.00300, PID #32.68.00400, and PID #32.68.00500:

Mathisrud stated this item is a conditional use permit request from Danielle Nordby Lien to construct and operate a recreational facility and community center, at 1009 Hollinger Street, located in the B-1 Highway Business District. The developer intends to construct a 9,200 square foot addition onto the existing 14,000 square foot building to construct a gym and a community/recreational facility. The gym space will feature a flexible space. It can be set up for basketball and other indoor sports, and for local youth to play indoor sports in the winter time. The applicant has been awarded new market tax credits for this project and is working on all of the required submittals at this time.

Mathisrud stated there were comments received by the Planning Commission from the public concerning adequate parking and stormwater issues. At the conclusion of that Planning Commission meeting, they recommended the following conditions to address the concerns:

1. The applicant shall provide parking at a rate of one stall per 250 square feet of gross floor area. If in the future it is determined that the applicant has insufficient parking, additional off street parking shall be provided on site or within 100 feet under common ownership.
2. The applicant shall provide a stormwater management plan showing that post development runoff shall not exceed predevelopment runoff.
3. The applicant shall provide a signage plan showing that the ordinance will be complied with and that signage can be incorporated for the gym area of the building.
4. The applicant shall provide a landscaping plan that complies with the City of Park Rapids Landscaping Ordinance.

5. The applicant shall be in compliance with all other applicable city ordinances as well as Minnesota Department of Human Services licensing as well as any other regulations applicable to the businesses they operate.

Mathisrud stated the Planning Commission voted unanimously to recommend approval of this request. Mikesh questioned does the landscaping plan include lighting since that is a dark area. Mathisrud stated there isn't a specific standard in our code for lighting. But that is something that we generally work with the developer on any larger parking lots. They usually include lighting standards for that.

A motion was made by Leckner, seconded by Randall, to approve Resolution #2016-168 Approve a Conditional Use Permit to Allow Construction and Operation of a Recreational Facility in the B-1 Zoning District at 1009 Hollinger Street, PID #32.68.00300, PID #32.68.00400, and PID #32.68.00500.

Discussion: Randall questioned are you moving the Better Connection there full time? Nordby Lien stated yes. We will be there full time with daily business hours. Nordberg questioned is there a timeframe on the move? Nordby Lien stated hopefully soon. We're supposed to close on the building on October 27th. We're just waiting for the paperwork. Mikesh stated I commend you for doing this. The residents have been asking for this for a long time.

The vote was called.

The motion carried unanimously.

9. GENERAL BUSINESS:

9.1. Bond Sale: Monty Eastvold, from Northland Securities, stated we are talking about a \$920,000.00 bond issue for the fire hall expansion project. There is a local contribution that is going towards the project that has helped to reduce the size of the bond issue. In addition we have a reoffering premium of \$20,277.50. In January, your last bond issue was a little over \$4 million, and a reoffering is typical to see in climates with very low interest rates.

Eastvold stated the interest rates for this bond issue start at 1% and go up over time to 3%. The overall average rate is 2.61% for the eighteen year bond issue. With principal and interest combined it gives you annual payments of roughly \$59,000.00 to \$61,000.00 per year. It jumps around a bit from year to year.

Eastvold stated the pricing summary explains the reoffering premium. The yield column are the interest rates available in the market place today, from 1% to 2.6%. In one column are the rates that the city will be considering tonight. In a couple of the years you can see they are actually higher than in the yield column. For example, it's 1.7% in 2025, and we have a coupon rate of 2%, in 2032 it's 3% versus 2.25%, and it's 3% again in 2036 versus 2.6%. So the city's paying because you got higher coupons, versus the yield you're paying an additional \$20,277.50 in increased increase versus what the yield column would produce. At closing Northland will be paying the city \$20,277.50 and that cash will be used to reduce the size of the issue. So had these been par bonds, had you been considering the yield column here you would have had a \$940,000.00 bond issue versus the

\$920,000.00. If you decrease the size of the principal, then you decrease the size of the interest rate. It's a wash because you will be decreasing the size of the principal amount of the issue. That's why we can lower the size of the principal amount of the bond issue.

Eastvold stated the costs of issuance related to the bond issue include a \$6,000.00 fee for bond counsel who created the resolutions you'll be acting on tonight. The rating agency fee of \$9,025.00 goes to Standard and Poores. We had the city rated again so another review was conducted. They reaffirmed the city's AA- rating. Even though it cost you roughly \$9,000.00 for that rating, had this been non-rated, the interest rates would have been 10 to 20 business points to a 1/5 percent higher than you are considering tonight that would have added roughly \$40,000.00 to \$45,000.00 in added issuance expenses had it been a non-rated issue. The net effect is that you're paying about \$30,000.00 to \$35,000.00 less in interest with the issue being rated.

Eastvold stated there is a \$150.00 fee for the county auditor for a certificate that is related to the bond issue, a paying agent/registrar fee of \$4,565.00. That party's role is to take the city's annual interest and principal payment and present that to the paying agent in one check per year. They take the large payment and disburse it to the larger crowd of bond holders. There is a pricing opinion fee of \$1,000.00. Because this issue, in addition to the \$4 million issue that you had earlier this year, exceeded \$1.2 million there's a second opinion that the city obtains to assure that the rates that we are offering the city tonight are market rates. Brumbaugh stated we just received that report today and everything is fine. Eastvold stated so there are \$20,740.00 in issuance expenses related to the bond issue.

Eastvold stated there will be a levy required to pay off the issue. This will be paid off entirely from tax levies. The payments are roughly \$59,000.00 to \$61,000.00 per year. Because this is a general obligation bond the city's taxable ability stands behind the issue, so from a budgeting standpoint you're supposed to budget 5% more than actual debt payment. That's in case you don't collect 100% of your taxes in a particular year. So you build a bit of a cushion as time goes forward to make sure you have cash on hand to make your debt service payments. That total levy over time is \$1.2 million versus the \$1.1 million for the actual debt payments. In your final couple of years, assuming you had good tax levy collection over that period of time, you can look over your tax levies so you can basically come out to what you just need.

Eastvold stated in terms of actions tonight, back in March the city held a public hearing to establish a capital improvement plan. The plan included construction and remodeling of the fire hall. The resolution you will adopt is a ratification of that action you took back in March. It makes a series of findings that are required under state statutes in terms of why you proceeded under this particular statutory authority. This resolution will be acted upon first. Then assuming that resolution is passed, then there is a resolution prepared by Kennedy and Graven, which actually issues the bond into the market place. Kennedy and Graven will fill in the blanks and the final version will be available to the city on or before closing. The final action is the contract allowing Northland Securities to buy the bond issue from the city at the stated interest rates and then our role to go out and market the issue and find investors and then bring back the bond proceeds to you at closing.

McKinney questioned these bonds are callable? Eastvold stated yes, beginning December 15th, 2024. At that date, or any date thereafter you can call in the bond if the interest rates are low enough you can refinance this issue, or if you have cash in hand you can prepay part or all of it. McKinney stated this bond will be paid for out of the proceeds

from the fire contracts from the surrounding townships. If that goes well we can utilize those funds.

McKinney questioned is there an OS prepared? Eastvold stated yes, we have already prepared an official preliminary statement, and then pending your action tonight we'll prepare the final official statement for your records. That will be delivered to you on or before closing. With respect to the township payments, one of the previous statements had the tax levy at \$61,000.00 per year. You will certify a levy to the county auditor pending your actions tonight. Any cash or payments you receive from the township will offset that levy.

McKinney questioned is this an official total levy or do we levy it each year. Eastvold stated it will be annually levied. You will address your levy needs with this particular issue and then reduce it by any payments you have coming in.

A. Resolution Ratifying Approval of a Capital Improvement Plan and the Issuance of Bonds Thereunder: A motion was made by Randall, seconded by Leckner, to approve Resolution #2016-169 Ratifying Approval of a Capital Improvement Plan and the Issuance of Bonds Thereunder.

Discussion: Nordberg questioned what is a rough figure of how much we get in from the townships versus the \$61,000.00 levy. Brumbaugh stated these bond payments are less than what we anticipated. We get in about \$90,000.00 from the township every year. Because of the project being less, and the donations received, there will be more money sitting in the designated fund for capital equipment.

The vote was called.

The motion carried unanimously.

B. Resolution Awarding the Sale of General Obligation Capital Improvement Plan Bonds, Series 2016B, in the Aggregate Principal Amount of \$920,000.00; Fixing Their Form and Specifications; Directing Their Execution and Delivery; and Providing for Their Payment: A motion was made by Randall, seconded by Nordberg, and unanimously carried to approve Resolution #2016-170 Awarding the Sale of General Obligation Capital Improvement Plan Bonds, Series 2016B, in the Aggregate Principal Amount of \$920,000.00; Fixing Their Form and Specifications; Directing Their Execution and Delivery; and Providing for Their Payment.

C. Contract with Northland Securities: A motion was made by Randall, seconded by Nordberg, to authorize the execution of the Contract by and between Northland Securities and the City of Park Rapids for the purchase and marketing of the General Obligation Capital Improvement Plan Bonds, Series 2016B, in the Aggregate Principal Amount of \$920,000.00.

Discussion: Eastvold stated the closing will be on November 3rd, 2016. I have left the wire instructions with Brumbaugh. The funds will be wired to you on the date of the closing.

Nordberg questioned how much longer can we expect 1% interest? Eastvold stated rates have been very slowly creeping up since July. The trend is upward at this point.

Nordberg questioned does the election effect that? Eastvold stated the move we are waiting for is the Federal Open Market Committee meeting in December. Word on the street is that they will be increasing rates at that point. The rates they adjust are short term rates, the one or two year term rates. I don't think long term rates will increase too fast.

The vote was called.

The motion carried unanimously.

10. CITY ADMINISTRATOR COMMENTS: McKinney stated the new chief will start on Monday. Yesterday our staff did a great job with the incident at the school. Sergeant Frette stated I'm very happy to say that within two hours of getting the call we had both individuals in custody. There was great team work between the Hubbard County Sheriff's Office, the Park Rapids Police Department, the Minnesota State Patrol, and the Paul Bunyan Drug Task Force. Everyone worked well, and everyone was safe, sound, and secured. Within the next few days we'll be meeting with the school to go over any plans which we could have done differently in the future. McKinney stated this is a compliment to our decision to appoint sergeants. They did a good job yesterday in the absence of a chief.

11. DEPARTMENT HEAD UPDATES: Burlingame stated his department is getting ready for winter.

12. MINUTES/REPORTS/INFORMATION: There were no comments.

13. COMMENTS FROM COUNCIL: Nordberg stated I'd like to call attention to the consent agenda item #6.14. We got \$9,000.00 from the Northwest Minnesota Foundation for the long term arts and culture road map. I'd like to compliment the police department. We also had a good report on Bemidji Public TV last night.

14. ADJOURNMENT: A motion was made by Randall, seconded by Leckner, and unanimously carried to adjourn the meeting at 6:27 p.m.

[seal]

Mayor Pat Mikesch

ATTEST:

Margie M. Vik
City Clerk