

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
SEPTEMBER 23, 2014, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The September 23rd, 2014 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 Dave Konshok, Rod Nordberg, Erika Randall, and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Public Works Superintendent Scott Burlingame, Treasurer Angela Brumbaugh, Public Facilities Superintendent Chris Fieldsend, and Clerk Margie Vik. Others Present: Dick Rutherford, Apex Engineer Jon Olson, Mike Monsrud, and Anna Erickson from the Enterprise.

3. APPROVAL OF AGENDA: A motion was made by Utke, seconded by Randall, and unanimously carried to approve the agenda with the following additions:

Consent Agenda:

Item #6.16. Approve Low Quote in the Amount of \$21,075.00 from Howard's Driveway to Pave the Water Treatment Plant Driveway.

Item #6.17. Approve Quote in the Amount of \$4,811.31 from Flying W Gardens for the Installation of Trees and Fencing along Beach Road.

4. APPROVAL OF MINUTES:

4.1. City Council Workshop Minutes-September 9, 2014: A motion was made by Randall, seconded by Konshok, and unanimously carried to approve the September 9th, 2014, City Council Workshop minutes as presented.

4.2. City Council Regular Meeting Minutes-September 9, 2014: A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve the September 9th, 2014 City Council Regular Meeting minutes as presented.

5. FINANCE:

5.1. Payables & Prepaids: A motion was made by Konshok, seconded by Nordberg, and unanimously carried to approve the payables in the amount of \$12,098.40, and the prepaids in the amount of \$125,822.22, for a total of \$137,920.62.

6. CONSENT AGENDA: From the Consent Agenda, Dick Rutherford removed Item #6.5. and Rod Nordberg removed Item #6.6. **A motion was made by Nordberg, seconded by Konshok, and unanimously carried to approve the following consent agenda items:**

- 6.1. **Approve Backhoe Operator's License to Work in the City of Park Rapids in 2014 for Scouton Sewer & Excavating.**
- 6.2. **Approve December 9th, 2014 at 6:00 p.m. for the Truth in Taxation Public Hearing to be held in the Park Rapids Public Library-Lower Level Meeting Room.**
- 6.3. **Resolution #2014-128 Accepting Work on the 2010 Well and Water Treatment System Improvements for the City of Park Rapids.**
- 6.4. **Approve the Low Quote in the Amount of \$4,223.00 from Holden Electric to Replace and Repair Pavement and Directional Light Fixtures at the Park Rapids Municipal Airport.**
- 6.5. *Removed from the consent agenda.*
- 6.6. *Removed from the consent agenda.*
- 6.7. **Approve Low Quote in the Amount of \$95,635.00 from Valley Irrigation for the Rehabilitation of Two (2) of the Sewage Treatment Facility Irrigators.**
- 6.8. **Resolution #2014-129 Authorizing Proper City Officials to Execute the Task Order for the Mill Road Drainage Improvement Project by and between Apex Engineering Group Inc. and the City of Park Rapids.**
- 6.9. **Resolution #2014-130 Relating to Financing of Proposed North Main Avenue Utility and Street Rehabilitation Project to be Undertaken by the City of Park Rapids Establishing Compliance with Reimbursement Bond Regulations Under the Internal Revenue Code.**
- 6.10. **Approve Creation of Fund 446 for the North Main Avenue Utility and Street Rehabilitation Project.**

- 6.11. **Approve Pay Request in the Amount of \$44,563.77 for TKDA Engineering for Professional Services Related to Municipal Airport Projects.**
- 6.12. **Approve Pay Request in the Amount of \$5,100.50 for Apex Engineering Group for Professional Services Pertaining to the North Main Avenue Utility and Street Rehabilitation Project.**
- 6.13. **Approve Pay Request in the Amount of \$1,600.00 for Racer Construction for Sewer Repairs on Minnesota Avenue.**
- 6.14. **Resolution #2014-131 Appointment of Election Judges for the General Election for the City of Park Rapids for the Year 2014.**
- 6.15. **Approve Final Pay Request #11 in the Amount of \$69,772.94 for Di-Mar Construction for Services Related to the Water Treatment Facility.**
- 6.16. **Approve Low Quote in the Amount of \$21,075.00 from Howard's Driveway to Pave the Water Treatment Plant Driveway.**
- 6.17. **Approve Quote in the Amount of \$4,811.31 from Flying W Gardens for the Installation of Trees and Fencing along Beach Road.**

END OF CONSENT AGENDA

6.5. Approve Low Quote in the Amount of \$6,750.00 from KL Concrete for the Construction of a Concrete Gutter at Red Bridge Park, between Beach Road and the Heartland Trail: Dick Rutherford questioned why is the city paying for this if it was a DNR project? I have a quote on Red Bridge landscaping and I don't see anything in there about extras. Today they are sodding part of it over by the apartments, yet they didn't sod the piece by Pizza Hut. They have been riding bicycles on it and it looks like crap. Why does one side get sod and the other side doesn't? Aren't we all paying the same taxes? Shouldn't we all be treated the same?

Mikesh questioned don't we have a surplus leftover from the project that's paying for that? McKinney stated we haven't used all of the money that was allocated for these kinds of expenses. What is the history of this particular piece? Fieldsend stated that is the section between the road and the trail. Initially, the DNR would not allow us to put concrete there, they wanted grass. Eventually the Engineer Brian Hiles talked them into allowing us to put concrete there. But, that portion was already tarred so it now requires more work. They have to cut edges all the way down on both sides. That's why it's so expensive. When I got this bid, we were \$7,500.00 below what the estimate was on that project. This money would come out of that.

Fieldsend stated the sod has to do with the agreement that was made with the owners of the condos. I was not involved with those negotiations. They were promised several things that we now have to repair and change, one of them was the sod. Utke stated promises were made by whom? Fieldsend stated it was negotiated by our lawyers and the planner. Rutherford questioned where is the paperwork on this negotiation?

Konshok stated what happened was so that we didn't have multiple contractors doing paving, the DNR transferred the money that they would have spent on bituminous and curb work to the city so we could apply it. We were in charge of the full paving project. When we got into it everybody realized that strip was too narrow and it was not going to work so adjustments were made to it. In addition to that, we the city, negotiated with the homeowners association because we had to expand the right of way there. There were certain stipulations put in there of work that had to be done. Basically, restore it to what they had previously. That is what this is doing, finishing all of that.

Rutherford questioned where is the paperwork on all of that? Konshok stated we have all of that. Rutherford questioned where? I'd like to see it. I can't see why you negotiate with one person and not the others. Over at Pizza Hut, they threw that stuff in there and let it go. Konshok stated we owned all of the right of way there. The issue with the condo association is we had to get extra right of way there that was part of the project. Fieldsend stated we purchased eight feet of right of way there. Part of the purchase, in the agreement, was that we agree to that. McKinney stated we had to move the fence, we took some trees, and we had to relocate the sign. Konshok stated it's not an upgrade. It's just restoring what they had, only eight feet back.

Rutherford stated I was told today that they are going to plant trees there. If you plant big trees there, ten years from now....Konshok stated it's not big trees. It's spruce trees with shallow root structures. That was all specified because we don't want them cracking the trail.

Rutherford stated when you look at one thing, and it comes out in the bids here, and then you see something else going on. A lot of people don't care but I do. Fieldsend stated these are things we agreed to when we purchased the land. Konshok stated you can talk to the Engineer Brian Hiles and the Planner Dan Walker. He's our point of contact.

A motion was made by Konshok, seconded by Randall, and unanimously carried to approve the low quote in the amount of \$6,750.00 from KL Concrete for the construction of a concrete gutter at Red Bridge Park, between Beach Road and the Heartland Trail.

6.6. Resolution Authorization to Execute United States Department of Agriculture, General Services Administration, Public Buildings Service, Lease Amendment No. 4 to Lease No. GS-27-057-0: Nordberg stated this is the building in the back of city hall. It's been leased on a month to month basis for a number of years at the federal government's request. McKinney stated they had a lease that ran out and they never have renewed it in writing. Since we haven't canceled it, it goes month to month. Fieldsend stated we did have a signed agreement that was month to month. McKinney stated now they want something to extend it to the end of June 2015. Nordberg stated on August 19th they sent us a letter that they want all documents by August 28th by overnight mail. Since 2009, they have been postponing this. It seems like they are a little tacky in insisting that we rush through a contract that they have been doing since 2009 which was

satisfactory to both parties until August 19th. It doesn't cost us any more or less money except for the cost of the overnight mail. Fieldsend stated we told them that we did not want to change it. They wrote back and said if you don't want to change it, then we will quit paying you. We discussed it and it's only about nine months, so when the nine months are up we can renegotiate it again. McKinney stated I envision there is a federal checklist that says you have to have a written lease because you are making payments on the lease. We decided to get on with it until the end of June. We get to write the nasty letter next time.

A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve Resolution #2014-132 Authorization to Execute United States Department of Agriculture, General Services Administration, Public Buildings Service, Lease Amendment No. 4 to Lease No. GS-27-057-0.

7. COMMENTS FROM CITIZENS: There were no comments.

8. GENERAL BUSINESS:

8.1. Pro Forma for the Armory Square Project: Mike Monsrud stated the information given to you is our draft pro forma. There are still some things that we are going to add to it. We realize also, that the Council wishes to be kept up to date on our progress. There are draft minutes from our last meeting. The pro forma has examples of other event centers in there. We used those examples to form the pro forma. There are utilities, revenues from events and plays, and everything else that goes on. One thing we have going in our favor is with the new furnace and insulation in that building, our utility bills should be a lot less. We feel this is a very conservative pro forma. We did not include memberships, dues from any performing arts, we prefer to keep those out to say that we can operate stand alone without those. We'll use those to either enhance from the event center to the arts center later on. The new design that is also included has a catering kitchen. With that, we would like to see a liquor license and we've been talking to city staff about that. The catering kitchen and liquor license will provide a lot of the revenue for the center. This pro forma looks good. We feel it's conservative. How does the City Council know this information is true and accurate? Somewhere along the line when we have our final pro forma somebody who is impartial has to review that. The design documents include the bathrooms, sprinkler system, and catering kitchen. It's designed to fulfill the occupancy requirements. The Minnesota Department of Health has already okayed the kitchen and the equipment that goes into it. The Park Rapids building inspector has said if you do these things the way they are here, that yes it will pass and be ready for occupancy.

Monsrud stated you have heard talk about another EDA loan. Alan Zemek is looking at that as a bridge to get things started. That would also allow extra money of \$300,000.00 from the MMCDC in Detroit Lakes. To get that money we need the lease and operating contracts between PRCDC and the city signed. We also need the contracts signed between the State of Minnesota and the EDA. As it sits now, we're looking at a goal of June of 2015. It's an aggressive goal. We think it's doable. We need to get things rolling.

Monsrud stated we have four things scheduled for a press release for this fall, the Great Northern Radio Show on September 27th, the Flamingo Dance Theatre on October 13th, Northern Lights Opera has shows on December 12th and 13th. We have a Christmas Showcase on December 6th. There are continually things going on in there. It's not ready for occupancy so there's a limited amount of people that can go in there.

Monsrud stated I want the City Council to look at these things and to be updated, and to understand how things are going along, what we're doing, and what process that we are at.

McKinney stated there is a loan that matures on October 1st for \$100,000.00 that we have received in a timely fashion, and a request to renew that for two years. There was some misunderstanding that the Council could take care of that. You have to put on your EDA hat to do it. We need to have a meeting to consider the renewal of that \$100,000.00 loan that's outstanding. It's not in default at this time. Default would occur fifteen days after it's due, which is October 1st. We can have the meeting on October 1st, which is a Wednesday. That would be the day it's due, if you renewed it, that is an already outstanding loan of \$100,000.00. Utke stated there are two separate loans, a \$100,000.00 and a \$150,000.00 on going. McKinney stated that is correct.

McKinney stated there is another application in our office for \$150,000.00 to finish some of this work. That would be a new loan. You could consider that on the 1st if they are ready. There would be the rollover of the \$100,000.00 loan which matures on October 1st, and consideration of a new loan for \$150,000.00, which is a bridge to the bridge. Zemek has financing lined up to handle the continued upgrade, so if you can get the greater occupancy in it, then that would be part of that. I don't think he has to have it quite that quickly. That's the other consideration.

Utke questioned the talk of the additional \$150,000.00, are there plans? That's to finish this next phase of code work, but if that \$150,000.00 isn't available, does that shut the project down or do you have other avenues? As the EDA, we are already into it deeper than we had planned. Monsrud stated then we would have to go through the avenue of getting the contracts completed, which we will run into problems there too. The CDC doesn't have monies to pay for an attorney. The city is not going to draft the documents. McKinney has made that clear. That is what the Council has asked for. So we would have to draft the documents and we'd need an attorney to do that. We'd need to come up with the money for an attorney. Then we'd have to have those documents signed by the CDC the EDA, and the state, and then that would open up the MMCDC money. But they would look at it more favorably if the construction of the catering kitchen, and the sprinkler systems were done. That would cure a lot of flaws. Otherwise you'd have to have more exits, another elevator, so the sprinkler system is a necessity for that. The bathrooms have been okayed by the building inspector. That's what the \$150,000.00 would take care of. Then finishing up the floors, things like that, would be the CDC money. Yes, there is a possibility of going another way, it's just we'd have to get the contracts done.

McKinney stated my understanding is the \$150,000.00 would be used to increase the occupancy and compliance with our building code, whether it's going to be the project we're talking about or some other project that would be beneficial to our collateral interest in the building. It's an interesting argument. The other thing that's going on is we're trying to set up a meeting with the Office of Management and Budget. That hasn't happened.

There are some real questions there that we have to get resolved. My comments aren't counter to what you have said. There is a lot of stuff to get done.

Monsrud stated it's a very complicated project. As we've learned along the way you can't be a bull in a china closet. You have to work at it a little at a time and get the foundation built up before you can go ahead.

Mikesh stated we've put Monsrud in a tough position. We put you there to pull this group together. This has been ongoing from day one. When we first brought it up we thought about waiting to get this loan/grant that we've held up which some gals could have used. We still haven't dealt with it yet. Another point is, if things go wrong and there is a shortfall, and they can't pay their bills, who is going to pick that up? Where is the money going to come from? Now you're asking the city to go take it from taxpayers to keep this going?

Monsrud stated that is the pretext of the contract is that the city owns the building. Yes, if it does go completely to heck, the city would really be responsible for that. That's why we are doing the pro forma in order to say that we are going to build funds to put away for that, and not spend it all on construction right off the bat once we start getting more revenues. Mikesh stated as you go down the road, your tenants might not be there, and you'd have a loss of income. We're on the hook then. The board can walk away saying we gave it our best shot. We're saying, as the community, what are we going to do?

Nordberg stated if you look at the examples from other towns, our pro forma is something less than \$100,000.00 without any staff. It's very bare bones and it doesn't rely on donations, or even ticket sales, or rentals from arts organizations. When you compare them to Faribault, Winona, and Windom, which are similar size cities, reusing old buildings, their budgets are much higher but they also have donations and things like that. So that the pro forma that we are coming up with is not relying on that kind of variable, like donations, contributions, and business support. It's a lot more believable than these numbers. These numbers are actual. It's the budget from 2013. We hope to get to that too, but it requires donations, contributions, and sales, then the numbers go up. But without those, it's a very bare bones budget that should be very doable.

Randall stated these cities aren't even close to comparable to our size city. There's only one that comes within a 1,000 of ours. Nordberg stated the challenge with the old buildings and their heating, and they have over \$3,000.00 a month in heating bills. We don't have that so you already save a lot of money on that, because the money is spent on the building itself. Randall stated the comparable are tough for me to take. I don't think it's an accurate comparable. We only have one that comes close. The other two should have been left out entirely.

Monsrud stated I'm not sure what the surrounding areas are for the other towns. Park Rapids is a misnomer. There are 12,000 of our members at Itasca Mantrap that are outside of the city that use the town. I don't know if all those towns have that type of population around them. Utke stated actually they do. They are both well populated. Windom would be the most rural of all of them.

Monsrud stated last winter when we had something going all month long the gas bill was \$500.00. Randall questioned has he shown you that? Monsrud answered no. Randall stated I would ask that you get those from Zemek so they can be included. Utke stated I know that one month when he was happy about the costs, that same gas bill was \$1,000.00. We do want to confirm those. Mikesh stated also, you are only heating part of

the building. Randall stated I'd like to know that, what part of the building we are heating. Nordberg stated there are six furnaces, so it's variable. They are controlled separately. Randall stated I'd still like to know how much we are heating and how much we are not. Utke stated there's a lot more to go into this from utilities to expenses for staff. To me, this is bare bones staff and you can't rely on volunteers for everything. Because that is never going to work, we need people responsible. Nordberg stated they have to get their own grants. That's worked in. We talked about that.

Randall stated I don't know where the weddings fall into this. A liquor license would be a big revenue. I agree that is a spot where you could increase revenue, but how many events are going to have liquor? Weddings are a big one. I don't see that in here and what are you going to charge? You indicated that a catering kitchen could provide revenue. I'm questioning how a catering kitchen could provide revenue. I'm thinking a catering kitchen is mostly for weddings where we are already going to be charging them for the use of the space not for the food. They are bringing their own in. Monsrud stated the rent would be more because we have that availability for the food. Or we could have our people doing food. We'd hire a caterer and make some margins off of the catering. Same thing with the liquor. You'd have to have someone that's licensed to distribute the liquor, and we'd make a margin off of that. Randall stated those are numbers that I'd like to see. Those are areas that you could make some money.

Randall stated I don't see the Mexican restaurant rent in here. Monsrud stated part of the design for the building is that the EDA would purchase the whole building. Zemek has other private financing that he has procured. He would be holding that yet. He has the rent from the Mexican restaurant to pay that loan off. Randall stated there should be a pro forma that takes that out of the equation because we haven't approved that arrangement. There is no purchase agreement. Monsrud stated that would be in the contract, and there isn't one. There's no purchase agreement, operations agreement, none of the agreements are done yet.

Randall stated I heard that even when the armory is completed that it would be hard for the Northern Lights Opera Company to do their shows there, especially in the summer that they would still do their shows at the school because of the capacity. Is that accurate? I talked to someone that is in those plays. They don't know if they would even do them at the armory. Monsrud stated the first part of that is at the armory there will be three-hundred and fifty seats, and we may start adding the balcony for more seats. Yes, practically there won't be as much capacity as at the school, except that it will have a lot better acoustics and visuals than the school. Randall questioned do we have some sort of agreement with Northern Lights? If we go forward with this, will Northern Lights agree to move here and out of the school? Nordberg stated West Side Story is scheduled for July and August. McKinney stated they announced that it will be in the armory. Randall stated that should be taken into account. We need to have a guarantee that they are not going to say we want to go where we have more seats and pull it from the armory. Nordberg stated they don't fill up five-hundred and fifteen seats at the high school. They believe that three-hundred and fifty is a good number. Randall stated this came directly from an individual involved with the Northern Lights Opera Company. I was shocked when I heard that. Nordberg stated that was wrong. They are planning to use the armory.

Dick Rutherford stated in December they had a program in there and it was so cold the people had to keep their jackets on. That would keep your heat costs down quite a bit.

You haven't got a true value there until you leave it on and keep it warm enough for people to take off their jackets. Konshok stated that was a learning curve. We started too late bringing up the heat. It was set back to the mid-50s. To heat that space it takes significantly longer than he thought. It's not a problem with capacity or capability. It was a problem with starting it early enough.

Randall stated it's also a good example of he wasn't keeping it to where it's going to be heated when it's done. Their heating and utility bills at this point are not a true representation of what they are going to be. Konshok stated that's true. Monsrud stated it's like anybody's house, if they are doing energy efficiency the thermostat is down at night. You can expect that a fiscally responsible business person would do that as well. He just didn't take into account how long it would take to heat that big space. Konshok stated it's still in the experimental stages.

McKinney stated I appreciate Monsrud's efforts. He's really worked hard on this. Konshok stated this is a vast improvement over the mishmash of documentation that we've seen before. This is far more orderly. We can discuss the finer points of it. It shows a level of organization that gives me a much higher comfort factor. Monsrud stated I appreciate the comments. I want to know what questions you have so that we can delve into those. McKinney stated I would ask the Council to give consideration to the suggestion that at some point in time all of this has to be reviewed by a creditable party and we haven't acquired that yet.

Randall questioned when do we start talking about the purchase price? McKinney stated they are looking at the project costs as opposed to being broken down into purchase price. In the report, they have established several different committees. When do we hear some of the other committee's determinations? Monsrud stated we have a contract committee and an education committee. A lot of the city residents have so many varying ideas. A lot of people still believe that the grant has to be paid back. It's an education. The press release that is going to be coming out is coming from the education committee. That's one part of it, and we can do some reports on how the others are progressing at a later date.

Konshok stated addressing the Northern Lights issues, is that not assuming at some point they will enter into a contract? They have a contract with the school. Everything I've heard from their board members is that they are on board with it. It's too soon. There are no agreements signed yet. Monsrud stated I poised that question to all of the board members at the last meeting, I want assurances that you have taken all this information back to your respective boards, and they are all on board with it? We don't want any of this swaging back and forth. We want a commitment. They all said yes. I was assured that.

Randall questioned what committee is working on the ultimate purchase price or agreement that will be presented to the EDA. Monsrud stated the Contract Committee. That would be myself, Zemek, and John Rasmussen. Randall stated I'd like to see that one worked on and presented to us sooner rather than later. That's the big thing here. How much are we going to have to pay for it, and is there going to be anything left out of this bonding money for remodeling out of that. Monsrud stated for future remodeling it doesn't look like there would be, the idea is to buy an occupant ready building that could be used as an event center and an arts center, until we've got the memberships coming in and the dues to turn around and bill the extra things that we need, the fundraising to be able to say, we need lighting or the balcony, who's going to be able to kick in for that.

Randall stated I'd like to see the EDA's approval of one of several options, instead of Mr. Zemek presenting what he wants us to agree on. Just because he wants us to give him a ready building, maybe that's not what we want. Maybe that's not in the city's best interest. I feel that option has already been presented to us and we weren't comfortable with it, and hearing about the Mexican restaurant, that was already presented to us once, and if I recall correctly that was the one taken the most unfavorably. Monsrud stated the normal process would be that the city would buy the building as is, and have the funds that they are going to invest. So they've invested the money for the building, whatever price it is, then they turn around and request that money back from the state for purchasing the building. Then they are involved in a contract with the state, and then as construction gets done and built out the way the city wanted it, then they'd request more money just like any bonding issue. That would be the normal process. But it has been indicated that is not the process that the city wants to be involved in, and having that money up front and doing that type of stuff. So we went for an end-grant project, which means, the building has to be completed for occupancy before you can get the funding from the state.

Randall stated I'd like to see the pro forma with different options, with the end and with the construction. I understand you had to work on the pro forma first. It needs some work still, but it's a long ways from what we saw months ago.

Konshok questioned where are we at with the state regarding the contracts? McKinney stated the state has the same problem as the city has with who is going to handle what and when. When the bond issue was passed and they doled out all of the components of that to different departments. Ray Murphy got this project. He is with the Office of Budget and Management. The problem that he has is the same that we have, what's the deal? What is the project? What in their typical fashion applies and are there any exceptions and if so what are they. Murphy read in his opinion he couldn't make up his mind if it was an end grant or a construction grant, therefore he thought we couldn't do it because he couldn't understand it. We have appealed to a higher authority, not only to deal with that issue, but also, there are typical documents that come out, grant agreements, operational agreements, that are boiler plate. They sent them out and asked does this apply. Well maybe. So when you try to judge what we're doing against the agreement we'll have with the state, we don't even have assurance that that is the agreement that we'll have. And then we have the safe harbor rules on the other issues.

Konshok stated so the state doesn't have a standard way of handling these projects. McKinney stated this is a unique project. Konshok stated so they reach into their file cabinet for boiler plate, throw something at it to see what sticks. Monsrud stated it doesn't help when they pass it on to another person because they don't want to deal with it. Konshok stated I saw that in the email traffic, they were playing hot potato. McKinney stated we need to find someone that will say yes I will make decisions or I will find out who can for you. Some of these things will be a matter of yes, this is the agreement, or no it isn't. Then we have the other issues that someone at bond consul level will have to address for private activities because it's a tax exempt bond issue. Also the agreement that we have eventually with Monsrud's group to run or operate it would be subject to the IRS rules as well because they are a private use. We have legal consul ready to look at this stuff. I think we're going to have to go down to Minneapolis.

Monsrud stated the only contract that we've really worked on is the operations agreement between EDA and the CDC. That one will be reviewed by an attorney so we'll

have that one ready. The other one would have to be the purchase agreement subject to closing with the state, with all those dates in there so they're all signed at about the same time.

Dick Rutherford questioned does this gentleman from the state who is controlling this money, does he know that you are about \$100,000.00 delinquent the first of October? Has anybody told him? Then you turn around and want to borrow him \$100,000.00 on top of it? This is all my money. Because it's all taxpayer's money. Mikeshe thanked Rutherford for his comments.

Utke stated for clarity's sake, regarding the loan, they have been making payments and they are current. There isn't anything that is delinquent. It's just an extension. They are not missing payments. Monsrud stated wouldn't that be the normal route for any project, that you would refinance. Utke stated they are short term loans. They have an expiration date and it's coming up. It's a bridge.

Rutherford questioned who is getting the money from the restaurant now? Is that part of this money coming in? McKinney stated we don't have anything to do with any of that yet. Utke stated at this point all of Armory Square is private, but that would be part of what is looked at in the future. McKinney stated and that money is actually coming from a special fund that can only be used for those purposes. It is not coming out of the general coffers. Nordberg stated which came from the state originally. It wasn't local tax money. It was employment development money. Rutherford stated it's still my tax money. I don't care how you look at it. Nordberg stated it increases the possibility that Park Rapids will be successful in the future.

9. CITY ADMINISTRATOR COMMENTS: McKinney stated the Airport Commission meets on October 1st, 2014 at 9:00 a.m. We will be presenting all of the lease agreements.

10. DEPARTMENT HEAD UPDATES: Burlingame stated the hanger site and drainage improvements are coming along pretty good. They should be done next week some time. They put in a drain which will take care of a problem that we have had for a long time. There are four corporate hanger sites that will be ready for construction. We had a watermain leak on Highway 71 on Saturday. It was an old service line so we were able to dig down and shut it off without having to fix the main. We should have that patched up by next week. The water meters are here for the new water meter replacement program. A notice to proceed will be issued tomorrow. It should take about two to three months depending on how large a crew they have.

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

12. COMMENTS FROM COUNCIL: Konshok stated we had a great airport crosswind runway dedication ceremony. There were great articles in the newspapers and on the Bemidji television station. We made a lot of progress. The state is taking an active interest in the future projects that we need done there. There is a separate CIP that we

work with the state on just for the airport projects. We were able to show them that everything that has been done is much appreciated and sorely needed. We have a couple of private hanger lease negotiations which are ongoing based on the new processes that we set up.

McKinney stated we need an EDA meeting set for the first of October, anytime of the day would be fine. **A motion was made by Konshok, seconded by Nordberg, and unanimously carried to set an Economic Development Authority meeting for Wednesday, October 1st, 2014 at 5:00 p.m. to be held at the Park Rapids Public Library.**

13. ADJOURNMENT: A motion was made by Utke, seconded by Randall, and unanimously carried to adjourn the meeting at 6:55 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk