

**CITY OF PARK RAPIDS
CITY COUNCIL MEETING
DECEMBER 8, 2015, 6:00 PM
Park Rapids Public Library-Lower Level
Park Rapids, Minnesota**

1. CALL TO ORDER: The December 8th, 2015, 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, Erika Randall, and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Public Facilities Superintendent Chris Fieldsend, Public Works Superintendent Scott Burlingame, Fire Chief Donn Hoffman, Planner Ryan Mathisrud, Liquor Store Manager Scott Olson, Treasurer Angela Brumbaugh, Police Chief Terry Eilers, and Clerk Margie Vik. Others Present: Dick Rutherford, Sue Tomte, Nancy Newman, Florence Hedeem, and Kevin Cederstrom from the Enterprise. Monte Eastvold arrived at 6:20 p.m.

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

Additional Information for General Business Items:

- 9.1. Resolution Issuing General Obligation Crossover Refunding Bonds:**
- A. Standard & Poor's Rating for the City of Park Rapids.**
 - B. Resolution Authorizing Proper City Officials to Execute the Crossover Refunding Escrow Agreement by and between Northland Trust Services Inc. and the City of Park Rapids.**
 - C. Resolution Awarding the Sale of General Obligation Improvement Crossover Refunding Bonds, Series 2016A, in the Original Aggregate Principal Amount of \$4,075,000; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby.**
- 9.3. Approve Budgets for Airport, Water, Sewer, Liquor, Stormwater, Public Works/Safety Building:**
- A. Memo-Enterprise Funds-Airport-Internal Service Budget Explanations.**

Add Item #14. Closed Session:

- 14.1. Closed Session for Discussion Regarding Real Estate Transaction.**

4. PUBLIC HEARING AT 6:00 PM:

4.1. Truth in Taxation Public Meeting: A motion was made by Nordberg, seconded by Randall, and unanimously carried to open the public hearing at 6:05 p.m.

A. Presentation of Budget and Property Tax Levy: Mikesh stated we have a signup sheet for anyone that wants to address the Council after the presentation.

Angela Brumbaugh stated this is our Truth in Taxation Hearing for 2016. This presentation will talk about the city's budget. If you were hoping to talk about your evaluation, this is not the meeting for that. Evaluations of individual properties are addressed at the Board of Appeal and Equalization Meeting, which is held in April.

Brumbaugh stated we will talk about the general fund. That is the budget that affects your property taxes. The funds Council and staff look at includes the general fund, airport, debt service, water, sewer, liquor, storm water, and the internal service fund for the public works/safety building. We have just under \$12 million in budgets for these funds. That's about \$1 million less than it was last year. The largest decrease is in storm water because we paid off a bond.

Brumbaugh stated there are three areas in which we collect revenues for the general fund, property taxes at 58% of the fund, local government aid is 16%, and other revenues are at 26%. That includes franchise fees, license fees, and fines. The levy is what affects your property taxes. In 2015 our full levy was \$2,370,530.00. In 2016 we're proposing a levy of \$2,442,866.00. The general fund reflects an increase of \$27,500.00, which is 1.6%. The bonds/debt service which pays for projects has increased \$44,737.00, which is a 6.93% increase over last year. The Council changed some of the projects because of the way they would have impacted the debt service schedule. The overall increase to the 2016 tax levy is 3.05%.

Brumbaugh stated in 2015, area 3203, which is the parcels annexed into the city in 2009 from Henrietta Township, inadvertently had the wrong tax rate entered. Those properties did not get the correct tax rate. Minnesota Statute 275.075, Omission by Inadvertence, says that if that happens the county has to collect the property amount of taxes in the succeeding year. Those properties are going to see a huge tax increase in 2016. They have to pay their normal 2016 amount, plus the 2015 amount that the county did not collect. The city does not collect more money, it is just rearranged on everybody's property taxes. At this time, the areas annexed according to the Orderly Annexation Agreement that we have with Henrietta Township, are all at the same tax rate as the other city properties, except for one area.

Brumbaugh stated the city relies on Local Government Aid (LGA) a lot. It makes a huge difference for us. Back in 2003 the state lowered LGA payments after they had certified it to us. We're almost back to the level of what we had been at in 2001. In 2016, our LGA will be \$477,864.00.

Brumbaugh stated the first draft of the general fund expenditure revealed a proposed budget of \$3,090,803.00, which is a \$121,778.00 increase, or 4%, over 2015. After the Finance Committee and the Council Workshop, we reduced the budget to \$3,052,403.00, by cutting out \$38,400.00. So the increase is only a 1% increase over 2015.

Brumbaugh stated the general fund is divided into five categories, and then each category is divided into departments. Public safety is the greatest amount at 46%, or \$1,389,642.00. That is very common in cities. It includes your building official, police and fire departments. General government is 26%, public works is 19%, culture is 7%, and community development is 2% of the budget. Public works has four different departments within it. It includes streets, street lighting, ice and snow, and sidewalks and crosswalks. We got \$60,000.00 for street maintenance from the state. That is included in the budget along with the revenue side of it. Street lighting was increased by \$5,000.00 for some LED lighting. We're going to do that on a progressive basis so the full expenditure doesn't hit all at once. Library and parks are included in the culture category. It's an even split between the two of them. Community development includes natural resources and economic development. There are no changes in those two categories.

Brumbaugh stated general government has everything that doesn't fit into the other categories, such as administration, Council, transit, which includes the Heartland Express. The city contributes \$3,000.00 for the Heartland Express each year towards the purchase of a new bus. The county does seek grants so the cost to the city is approximately \$16,000.00 for a new bus. The unallocated expenses of \$70,000.00, include the lodging tax. We collect that and then hand it over to the Park Rapids Visitors and Convention Bureau. Contractual services include the auditor's fees. The enterprise funds do pay for a portion of the audit. There is no change to the planning and zoning budget. The general government building fund pays for repairs and maintenance on city hall. Some of the other departments have their own repairs funds for their buildings, like the fire department and the library. The attorney's fees and election expenses come from the general government expenditures. The Council is looking at doing paperless agenda packets. We did budget \$1,500.00 to look into that.

Brumbaugh asked if there were any questions. She added I've provided you with more information on the past budget numbers comparing 2013, 2014, and 2015. In 2014 the state did let local governments go tax exempt. We did see a savings of about \$25,000.00 because of that. Before that we were paying sales tax on everything.

B. Public Comments: Brumbaugh stated no one has signed in to speak to the Council. Mikesch questioned if there were any comments from the Council or the audience.

Nordberg thanked Brumbaugh for a very clear presentation. I think it's helpful to see the comparisons to the other years.

A motion was made by Nordberg, seconded by Utke, and unanimously carried to close the public hearing at 6:18 p.m.

4.2. Final Levy and Final General Fund Budget:

A. Resolution Adopting Final General Fund Budget for the Year 2016 for the City of Park Rapids: A motion was made by Utke, seconded by Leckner, and unanimously carried to approve Resolution #2015-163 Adopting Final General Fund Budget for the Year 2016 for the City of Park Rapids.

B. Resolution Adopting the Final Property Tax Levy for Tax Year 2016: A motion was made by Randall, seconded by Utke, and unanimously carried to approve Resolution #2015-164 Adopting the Final Property Tax Levy for Tax Year 2016.

5. APPROVAL OF MINUTES:

5.1. City Council Workshop Minutes-November 24, 2015: A motion was made by Leckner, seconded by Randall, and unanimously carried to approve the November 24th, 2015, City Council Workshop minutes as presented.

5.2. City Council Regular Meeting Minutes-November 24, 2015: A motion was made by Randall, seconded by Leckner, and unanimously carried to approve the November 24th, 2015, City Council Regular Meeting minutes as presented.

6. FINANCE:

6.1. Payables & Prepaids: A motion was made by Utke, seconded by Leckner, and unanimously carried to approve the payables in the amount of \$165,898.50, and the prepaids in the amount of \$177,090.58, for a total of \$342,989.08.

7. CONSENT AGENDA: A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve the following consent agenda items:

- 7.1. Approve Plumber's Permit to Work in the City of Park Rapids in 2015 for Northland Septic Maintenance Inc.**
- 7.2. Resolution #2015-165 Authorizing Proper City Officials to Execute the American Recovery and Reinvestment Act of 2009 Close-Out Agreement by and Between the Minnesota Department of Commerce and the City of Park Rapids.**

- 7.3. **Approve Pay Request in the Amount of \$7,183.78 for BHH Architects for Engineering Expenses for the Repair of the Humidity Issues at the Public Works/Safety Building.**
- 7.4. **Approve Service Contract in the Amount of \$2,405.00 with Cummins NPower for the Yearly Tune-up for Various City Generators.**
- 7.5. **Approve Purchase in the Amount of \$1,786.33 from Girtz Tire and Implement for Thirteen (13) Snow Tires for the Police Squad Cars.**
- 7.6. **Approve Pay Request in the Amount of \$11,139.15 to TKDA for Professional Services Pertaining to the Airport Taxiway A and General Aviation Apron Pavement Rehabilitation.**
- 7.7. **Approve Pay Request in the Amount of \$25,745.21 to TKDA for Professional Services Pertaining to the Airport Master Plan Update.**
- 7.8. **Approve Pay Request in the Amount of \$6,356.03 to Apex Engineering Group for Professional Services Pertaining to the Fire Hall Expansion.**
- 7.9. **Approve Pay Request in the Amount of \$9,281.40 to Apex Engineering Group for Professional Services Pertaining to the Riverside Area-Phase One Project.**

END OF CONSENT AGENDA

8. COMMENTS FROM CITIZENS: There were no comments.

9. GENERAL BUSINESS:

9.1. Resolution Issuing General Obligation Crossover Refunding

Bonds: Monte Eastvold, from Northland Securities, stated I have the results of your refunding of your two bonds from 2010, Series A and B. I was here in October when I first approached the subject of a refunding with the Council. You passed a trigger resolution indicating that if you met the 3% saving test the state imposes on this type of refunding, then the city would move forward and refund the issue. In the interim we've gotten the paperwork prepared for the refunding. We have provided for you the report from Standard & Poors. They have reaffirmed the city's AA- rating. That's very good. That was money well spent because you can now look into some interest rates that will provide the savings that you are looking for.

Eastvold stated we are refunding Series 2010A and 2010B. B is the larger one which was used for the Main Avenue Project. These two bonds have a total issue size of \$4,075,000.00. We talked about a potential \$4,135,000.00 bond issue. We're talking about a smaller issue tonight. The reason for that is the reoffering premium of \$51,505.25. We're using that premium to lower the size of the bond issue. The debt service comparison shows the existing debt service payment schedules of the two issues combined versus the new payment schedule, and the reduction per year as you go forward. It varies from year to year, but overall it reduces your debt service payments by \$153,544.59. That is after agency expenses, so that's a net savings to the city. This reissue will meet the state's requirement with the overall interest savings of 3.21%. The rates have gone up a little bit since my first visit here in October. We were talking about a 3.7% rate and a savings of about \$179,000.00. We have come down a little bit because of the interest rates. We feel that tonight would be a good time to act because we feel that interest rates will probably increase next week with the action by federal agencies. It's not a sure thing, but most of the experts that we have been following are saying they will increase rates next week on Tuesday or Wednesday. That is the gross savings.

Eastvold stated the interest rates that we are considering tonight start in 2019. This is a crossover refunding so between now and 2019 you will continue to pay the interest payments on the 2010 A and B payments to up that point. There are no payments at the beginning of the 2016 issue. Starting in 2019 at 1.3% the payments will begin, with an overall interest rate of 2.39%. A few years ago bonds were typically issued at par. Typically coupon and yield rates are the same for the lifetime of the bond issue, or at par. Sometime you see them issued at a discount, and sometimes at a premium. In today's market where rates are quite low, we have to basically entice investors to buy in certain years by artificially inflating the coupon rate over the yield. The yield rate is the actual market rate in the market place today. You see at years 2021 through 2030 they are slightly higher than the yield. What that translates to is a higher interest expense to the city over time, equaling \$51,505.25. But at closing, Northland Securities, will buy the issue from the city, will be paying that amount to the city. We're effectively using that as cash to reduce the size of the bond issue. Even though you are paying more interest, the principal amount of the bond issue will be reduced, so it's a wash. You'll be paying less principal, more interest, but overall you're not paying any more interest because you're paying less principal on the issue overall. That is how we arrived at the \$51,505.25. I believe the issue that we acted on earlier this spring also had the same instance that the interest rates were low enough that we had to issue some premiums in order to market the issue. It's very common in the market place.

Eastvold stated the issue expenses related to the bond issue are \$10,500.00 for the rating agency and \$6,000.00 for bond counsel. The CPA/verification and the escrow agent fees are both the result of the crossover refunding action. The \$2,500.00 fee is for the report that goes to the state regarding the crossover refunding. The escrow agent fee is \$3,630.00 and the paying agent fee is \$1,740.00. The total is \$24,370.00. I've already taken into account these expenses regarding your savings.

Eastvold stated at closing you're not going to be using the money for construction, nor will you pay this off immediately, so the proceeds will be taken and invested in US government securities and placed in an escrow fund. This will pay the earlier interest payments on the new issue between now and 2018, and then on November 27th, 2018 the

majority of that investment will become due, \$3.9 million and pay off the balance that remains on the 2010A and B bond issues, and then the old issue will be paid off.

Eastvold stated your investments will be made in treasury notes for a few years, and then Fanny Mae instruments for two years. When you make an investment the rates are quite low, like CD rates these days. The highest rate of return will be 1.25% in 2018, and they decrease down to .054% in 2016. This escrow fund will effectively pay off the old issue.

Eastvold stated the 2010A issue is \$785,000.00. On December 1st, 2018 is the call date. With the reduction in payments you'll see \$30,496.31 in savings. The interest payments will 1.3% to 2.1%. The overall average is 1.91%. The average rate on the old 2010A issue was 3.63%. The 2010B issue \$3,290,000.00 with the same call date of December 1st, 2018. The larger bond issue will create a savings of \$123,048.28. The interest rates on a new issue are 1.3% to 3.0%, with an average rate of 2.47%. the average rate on the 2010B bonds is 2.66%.

Eastvold stated the revenue sources to pay off the new issue are a combination of special assessments and tax levy. The 2010 special assessment revenue stream ends in 2025. The 2010B goes out to 2030. Those two revenue sources plus the tax levy will be used to pay off the bond issue

McKinney questioned are they going to shut the window for SLUGS down next week? Eastvold stated we don't know yet. They are available today and we did shop SLUGS as well, which as an acronym for state and local government securities, they are issued by the treasury department for crossover refundings. We got a better rate of return on open market securities, so we went that route. It gave you about a \$4,000.00 savings in interest versus going with SLUGS. McKinney questioned so you don't care if they close the window? Eastvold stated not at this point.

Eastvold stated procedurally, you have the resolution that was prepared by Kennedy and Graven before you. That is the document that formally issues the bond to the market place. Adoption of that by the Council is required. I'm also presenting a contract by which Northland Securities buys the issue from the city.

A. Standard & Poor's Rating for the City of Park Rapids: There were no comments.

B. Resolution Authorizing Proper City Officials to Execute the Crossover Refunding Escrow Agreement by and between Northland Trust Services Inc. and the City of Park Rapids: A motion was made by Nordberg, seconded by Leckner, and unanimously carried to approve Resolution #2015-166 Authorizing Proper City Officials to Execute the Crossover Refunding Escrow Agreement by and between Northland Trust Services Inc. and the City of Park Rapids.

C. Resolution Awarding the Sale of General Obligation Improvement Crossover Refunding Bonds, Series 2016A, in the Original Aggregate Principal Amount of \$4,075,000; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby: A motion was made by Utke, seconded by Leckner, and

unanimously carried to approve Resolution #2015-167 Awarding the Sale of General Obligation Improvement Crossover Refunding Bonds, Series 2016A, in the Original Aggregate Principal Amount of \$4,075,000; Fixing their Form and Specifications; Directing their Execution and Delivery; Providing for their Payment; Providing for the Escrowing and Investment of the Proceeds Thereof; and Providing for the Redemption of Bonds Refunded Thereby.

D. Authorization to Purchase General Obligation Crossover

Refunding Bond: A motion was made by Utke, seconded by Mikesh, and unanimously carried to authorize the execution by city officials of the contract, by and between Northland Securities and the City of Park Rapids, to allow Northland Securities Inc. to purchase the \$4,075,000.00 General Obligation Improvement Crossover Refunding Bond, Series 2016A.

9.2. Resolution Authorizing Proper City Officials to Execute the Agreement for Consulting Services by and between Upper Midwest Community Policing Institute and the City of Park Rapids: We brought this to the Council's last meeting and we didn't have the correct number of people present to act on it. Staff recommends approval. **A motion was made by Utke, seconded by Mikesh, to approve Resolution #2015-168 Authorizing Proper City Officials to Execute the Agreement for Consulting Services by and between Upper Midwest Community Policing Institute and the City of Park Rapids.**

The vote was called.

The following Councilmembers voted in favor: Leckner, Mikesh, Nordberg, Utke.

The following Councilmembers voted nay: None.

The following Councilmember abstained: Randall.

The motion carried 4-0, with 1 abstention.

Discussion: McKinney stated we had envisioned last week that there were no misunderstandings. He requested the police chief to state his position in this. Eilers stated I'm fine with it.

9.3. Approve Budgets for Airport, Water, Sewer, Liquor, Stormwater, Public Works/Safety Building: A motion was made by Leckner, seconded by Randall, and unanimously carried to approve the Budgets for Airport, Water, Sewer, Liquor, Stormwater, Public Works/Safety Building Funds.

10. CITY ADMINISTRATOR UPDATE: McKinney stated we have an item that we will bring to the Council in closed session. We also are involved in putting together the complete package for the armory project. The city has been offered through legislation a grant in the amount of up to \$2.5 million to acquire the armory building. We have been in a partnership with Park Rapids Community Development Corporation (PRCDC) to put that program together. Cynthia Jones is here to speak to that.

Cynthia Jones stated I'm speaking on behalf of the PRCDC. As you recall the PRCDC submitted an application for a grant to Blandin Foundation. We were awarded \$30,000.00 for legal fees, due diligence, and the appraisal, to give to the city. We received that \$30,000.00. We have the money for the appraisal and for a portion of the Kutak-Rock legal fees that have been incurred to this point. We don't have it all. We're asking for you to loan us the money for a period of time to pay the attorneys. We will give you what we have, and we will pay you for the attorney's fees as we told you we would. Right now I can't write you a check, but I will write you one for what we have. You will have to take my word for it. It's always been good.

McKinney stated we have incurred obligations with Kutak-Rock, which was my decision to recommend that to you because we have some very special tax issues that are involved because the grant money are proceeds from a tax-exempt bond issue of the State of Minnesota. We get a very modest part. That requires us to comply with some very complicated US Treasury regulations with regard to what and how we spend the money. One of the outcomes of that is we could not acquire the building that had the private activity of the Mexican restaurant because that's private and it's a no-no, so we needed to get special counsel to do that. I don't think the PRCDC really had any idea what services would be needed when they went to Blandin. We didn't know for sure either. Those fees have been building up since last summer. We do have an appraiser's bill which was agreed to. PRCDC does have the money for that. The work for that is just now finishing up, so we should pay that. We're in an awkward position because if we don't pay it the attorney's contract is with the city, not with the PRCDC. While they are very happy that they are getting a Blandin grant they are looking to the city for money. It's in the best interests of the city to accept their proposal.

McKinney stated the next question will be what do we do for additional funding? In the very initial stages it was assumed that the Blandin grant would be enough to cover all the expenses. Clearly, that will not be the case. If we proceed there will be additional costs, although I think the major portion of them would be incurred now. My recommendation is to accept the offer. I received today a letter from Michael Monsrud, who is the PRCDC Board Chair, along with a draft of their resolution to commit to this. I need authority from the Council to pay those bills and to receive the money from PRCDC. This is the last meeting of the year, and those bills need to be paid, if not they go into arrears.

Utke questioned how much are the bills? McKinney stated they are slightly over \$20,000.00. The appraisal is \$10,000.00. They are going to pay that. They have about \$10,000.00 to pay towards the \$21,000.00. We would be incurring about an \$11,000.00 loan. If the city wishes to do this, we would put in a receivable so that it doesn't show as a total expense on the city's side. It will show that it will be off set with revenue since they will be reimbursing us. That will all be done in 2015. Leckner questioned so they're still waiting for the \$30,000.00? McKinney stated they got it and spent it. Randall questioned there is no known source for the \$11,000.00? McKinney stated they are committing to go out and get the money and make payments to us when they get it. Utke questioned so the accounts receivable will be to the PRCDC? Brumbaugh answered yes. That's my understanding.

Randall stated I don't think we have any choice but to pay it. As McKinney said it's for the relationships between us and the attorney. We have to pay it. Obviously, this may

affect the overall decision of the city when it becomes time, given this is something that we have to incur. I said this from the beginning, you can't say if you go ahead and do this, do it, but we don't want anything to do with it, we don't want to spend any money. The bottom line is if we're letting the PRCDC try to get this money that was awarded to us the city has to somewhat support it and there is going to be costs associated with it. That is the bottom line. We need to revisit this issue at a workshop. We can't sit here and just say we're not going to spend a dime because even if we don't want to the city is going to have to. The approach of sitting back and saying we don't want nothing to do with it is clearly not working at all. This thing is real close to just not happening. I'd like to revisit it to see if it's something that we want to continue working on.

A motion was made by Randall, seconded by Utke, to pay the appraisal and the attorney's fees and to be reimbursed for them by Park Rapids Community Development Corporation.

Discussion: Mikesh questioned we have costs here. It bugs me that we are not a bank. Are we getting a percentage back on this money because we are actually loaning it out? I don't really think the city taxpayers want to pay for this. We said we didn't want a part of it and we ended up getting dragged into it. To keep the faith, we have to pay it. If you can't pay this, how are you going to make this thing work? You're not even into a full year and you're already asking for money. I don't think we should have to worry about being the bank for this.

McKinney stated with your permission I will meet with their people and try to figure out a budget which they can fund. At some point there will be costs that are really ours for purchasing the building. The idea is that they need some time to change their approach and raise some money.

Nordberg stated I think it's worth remembering that it would be a community asset, like a park. We pay for parks, the hockey arena, originally. Randall stated that's why I think we need to revisit this issue in a workshop type setting. It was the general consensus of the Council that while it might be our asset we weren't going to fund it at all. We're not going to fund it to the extent that we fund the parks, the hockey arena. That's why it's important to revisit this to see if our position has changed at all. I think there needs to be a shift in the city's position on this, or this is not going to work. As McKinney stated there are going to be expenses that are incurred in this transaction, going forward, that we can't pass off to the PRCDC, things that are going to be the city's expense by taking this building on. The last word of the Council was that we didn't want to spend a dime. Those two things are going to come to a head. Where we're at now, we might as well just pull the plug on this whole thing if our position is that we're not going to spend a dime. We might as well just be done. This will never, ever happen if our position is we're not spending a dime.

Jones stated you have to remember that we went into this with the support and help of economic development. The purpose of this is economic development and that's why we really want it. We have not had the support of economic development in recent months. We went on the proposition that that support would help us attain some financing upfront. We didn't get that, and that's okay. But, we have to put together a plan now, where with the lack of that support we have to figure out how to raise money ourselves. That's why we're in this bind that we're in. I've explained it.

McKinney questioned what do you mean by economic development? The Hubbard County Regional Economic Development? Jones answered yes.

Randall stated the PRCDC will continue to have expenses that they are going to incur in this in addition to paying back whatever the shortage is, but the bottom line is if the city is going to be part of this we are going to have our own expenses that we can't or shouldn't look to you to pay. We're a party to this and so we have to be willing and able to look at the taxpayers and say we all agree to spend money on this because it's worth it. That was not the last consensus of where we were at. That's why I think it's important to revisit because we have to be able to say we agreed the city was going to spend money on it because it was a worthwhile project. Right now we're just looking silly by saying we're not spending a dime on it, but we're going to.

Jones stated we do understand the position that the city is in.

The vote was called.

The following Councilmembers voted in favor: Leckner, Nordberg, Randall, Utke.

The following Councilmembers voted nay: Mikesh.

The motion carried 4-1.

11. DEPARTMENT HEAD UPDATES: Burlingame stated we had a little bit of snow, and then lots of warm weather.

Donn Hoffman stated we lost our UTV again early in our contract and there's a possibility that we may come back to Council and request permission to purchase that with funds that we that we have already secured.

Eilers stated we are back in the public works/ safety building.

Fieldsend stated the public works building for the most part is done, with the exception of some ceiling tiles. The back dehumidification system is working really well. We're close to the end. The temporary trailer is gone.

Mathisrud stated we started working with TKDA to do an airport master plan. We have some surveys out to airport users, both on line and some direct mailings. We're gathering information for this mater plan update, which will occur next year. We're also working on some zoning applications for the next Planning Commission meeting on December 21st, 2015.

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

13. COMMENTS FROM COUNCIL: Nordberg stated several weeks ago I went to the fall conference of the Coalition of Greater Minnesota Cities in Alexandria. The big topic of conversation was Local Government Aid (LGA). As you saw in our budgets our 2015 and projected 2016 revenue from LGA is less than 2/3rd of what it had been in 2002. That affects our property taxes. It's good that we do get some. It's the one way in which we can share our costs with people who are not local taxpayers. It would be good to get back to what we received in 2002. We have at least as many non-resident visitors a we had in 2002.

14. Closed Session:

A motion was made by Nordberg, seconded by Randall, and unanimously carried to recess the regular meeting and to open a closed session at 7:00 p.m.

14.1. Closed Session for Discussion Regarding Real Estate

Transaction: The Council and staff discussed the possible purchase of real property within the city.

A motion was made by Utke, seconded by Leckner, and unanimously carried to close the closed session and to reconvene the regular meeting at 7:43 p.m.

15. ADJOURNMENT: A motion was made by Randall, seconded by Leckner, and unanimously carried to adjourn the meeting at 7:44 p.m.

[seal]

Mayor Pat Mikesh

ATTEST:

Margie M. Vik
City Clerk