

**REGULAR ROSEAU CITY COUNCIL MEETING
MONDAY – MAY 7TH, 2012 @ 5:00 P.M.
ROSEAU CITY CENTER COUNCIL CHAMBERS
121 Center Street East Suite 201
Roseau, MN 56751**

The Regular monthly meeting of the Roseau City Council was held on the above date, time and place. Members present were , Mayor Jeff Pelowski, Council members Gerry Schiltz, Curt Ireland, Pat Novacek, and Linda Vatnsdal. Others present were Community Development Coordinator Todd Peterson, City Superintendent David Drown, Chief of Police Ward Anderson, Liquor Store Manager Brad Wiberg, Fire Chief Jeff Ballard, City Attorney Pat Moren, City Clerk Janet Lundbohm, Roseau County Commissioner Jack Swanson- WILD 102 Radio, Kyle Peterson, Natalie Anderson, Larry Guggisberg, Diane Sandland, and Kelly Christianson.

Mayor Jeff Pelowski called the meeting to order and the Pledge of Allegiance was said.

Council member Linda Vatnsdal motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to approve the April 2nd, 2012 minutes as presented.

Pursuant to due call a Roseau City Council Notice of event took place on April 12th, 2012 at 1:00 p.m. at the City Center Council Chambers, 121 Center Street East, Suite 201, Roseau, Minnesota , 56751.

Council member Pat Novacek motioned, Council member Linda Vatnsdal seconded and it was carried by unanimous vote to approve the following Consent Agenda items:

- a. Accounts payable claims from April 1st, 2012 through April 30th, 2012 as presented, with a batch number of AP043012 and is filed in edit books in the City Clerk's Office.
- b. Daily Batch checks written from April 1st, 2012 through April 30th, 2012 were audited, approved and are filed in edit books in the City Clerk's Office.
- c. Receipt entries March 1st, 2012 through March 31st, 2012 were audited, approved and are filed in edit books in the City Clerk's Office.
- d. Journal entries February 1st, 2012 through February 29th, 2012 were audited, approved and are filed in edit books in the City Clerk's Office.
- e. A review of February, 2012 General Ledger checks written compared with check images on the bank statements found no irregularities.
- f. Upcoming meetings –
 - a. June 4th, 2012 Regular meeting at 5:00 p.m.
 - b. July 2nd, 2012 Regular meeting at 5:00 p.m.
- g. Approve the use of alcohol in the Community Center - None
- h. 2012 LMCIT Worker's Compensation Dividend of \$11,218.00.
- i. CGMC in Brief – April 20, 2012, April 26, 2012, Copy of letter dated April 27, 2012 to Speaker Zellers, Majority Leader Senjem, and Governor Dayton from Alan Oberloh, President, Coalition of Greater Minnesota Cities.
- j. LMC Cities Bulletin: April 25, 2012.
- k. Approve Roseau Court Townhomes 12/31/11 Audit Report as prepared by Brady, Martz.
- l. Liquor Store Monthly Sales Recap April 2012.
- m. Liquor Store Sales 2012.
- n. Investment-Roseau EDA Hi Fi as of 5/01/2012 is \$224,195.30.
- o. Cash in bank-DNR Escrow as of 5/01/2012 is \$832,000.00.
- p. Cash in bank-Regular checking as of 5/01/2012 is \$2,468,653.33.
- q. Investment-Regular Hi Fi as of 5/01/2012 is \$1,368,343.00.
- r. Investment of Certificate of Deposit as of 5/01/2012 is \$754,700.34.
- s. Investment of Certificate of Deposit as of 5/01/2012 is \$759,781.68.
- t. Investment of Certificate of Deposit as of 5/01/2012 is \$761,594.46.
- u. Investment of Certificate of Deposit as of 5/01/2012 is \$768,103.63.
- v. Cash in bank - Airport Fuel Sales Credit Card as of 5/01/2012 is \$3,503.57.

- w. Investment - Roseau EDA Money Market as of 5/01/2012 is \$229,815.72.
- x. Cash in bank - Pine to Prairie Birding Trail as of 5/01/2012 is \$3,870.90.
- y. Cash in bank - Scandinavian Festival as of 5/01/2012 is \$7,962.86.
- z. Cash in bank – Welcome to Roseau as of 5/01/2012 is \$1,287.17.
- aa. Cash in bank - Roseau EDA as of 5/01/2012 is \$1,008.12.
- bb. Approve interest in participating in the multi-jurisdictional Roseau County All-Hazard Mitigation Plan and approve Mayor Jeff Pelowski to sign the Statement of Interest in All-Hazard Mitigation Planning City of Roseau.
- cc. April 2012 Year to Date City Revenues & Expenditures.

After discussion Council member Gerry Schiltz made a motion to approve the “Border State Bank Lucky Border Stars Relay for Life team’s (represented by Natalie Anderson) 5k/walk run” that will be held June 16th, 2012 starting at 9:00 a.m. at the Roseau City Park and finish at the Roseau City Park and they will use the same route as last year, seconded by Council member Curt Ireland and it was carried by unanimous vote.

After discussion Council member Gerry Schiltz motioned, Council member Pat Novacek seconded, and it was carried by unanimous vote to approve the Northern Resources Cooperative (#1-2012) for a Variance to build a tower and leg system with a height of 117’ in lieu of the 35’ maximum height allowed, an 82’ maximum height Variance for it’s new fertilizer plant that will be located at its’ property on the west end of Roseau, south of the main office as recommended by the Planning Commission. Kelly Christianson would look into installing a light on the top of the tower.

After discussion Council member Pat Novacek motioned, Council member Curt Ireland seconded, and it was carried by unanimous vote to set a Public Hearing to be held Tuesday, May 29th, 2012 for Kyle Peterson ‘s (#3-2012) Variance request for building an attached garage with a side setback of 3’9” in lieu of the 10’ side setback required, a 6’3” side setback Variance as recommended by the Planning Commission.

Community Development Coordinator Todd Peterson gave the Council explanation into the Tax Increment Financing process. The draft and final Tax Increment Financing Plan was prepared by Springsted and Briggs and Morgan.

A Public Hearing was held for the (a) the proposed establishment of Tax Increment Financing District No. 3 within Development District No. 1, (b) the proposed adoption of a Tax Increment Financing Plan relating to Tax Increment Financing District No. 3, and (c) the proposed adoption of the Modified Development Program relating to Development District No. 1, all pursuant to and in accordance with Minnesota Statutes, Sections 469.124 through 469.134, both inclusive, as amended and Minnesota Statutes, Sections 469.174 through 469.1799, both inclusive, as amended (collectively, the “Act”).

Council member Pat Novacek motioned, Council member Linda Vatnsdal seconded and it was carried by unanimous vote to open the Public Hearing.

There were no written comments

Oral comments were: Roseau School Superintendent Larry Guggisberg representing the Roseau School Board stated that the Roseau School Board appreciated the timely Notice of Public Hearing and the Roseau School Board supports the TIF District for the Northern Resources Cooperative Project.

Roseau County Commissioner Jack Swanson representing the Roseau County Board stated that the Roseau County Board supports the TIF District for the Northern Resources Cooperative Project.

Council member Pat Novacek motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to close the Public Hearing.

Council member Linda Vatnsdal introduced the following resolution and moved for its adoption

RESOLUTION #12-12

RESOLUTION ESTABLISHING TAX INCREMENT DISTRICT NO. 3 WITHIN DEVELOPMENT DISTRICT NO. 1 AND APPROVING THE TAX INCREMENT FINANCING PLAN THEREFOR

WHEREAS:

A. WHEREAS, there is a proposal to establish Tax Increment (Economic Development) District No. 3 ("TIF District No. 3") within the City's Development District No. 1 and approve and accept the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1799, as amended (the "Act"); and

B. WHEREAS, the proposed Tax Increment Financing Plan for TIF District No. 3 (the "TIF Plan") has been prepared; and

C. The City has performed all actions required by law to be performed prior to the establishment of TIF District No. 3 within Development District No. 1, and the adoption of a proposed tax increment financing plan therefor, including, but not limited to, notification of Roseau County and Independent School District No. 682 having taxing jurisdiction over the property to be included in TIF District No. 3 and the holding of a public hearing upon published and mailed notice as required by law; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseau as follows:

1. TIF District No. 3. There is established in the City of Roseau within Development District No. 1 a Tax Increment Financing District, the initial boundaries of which are fixed and determined as described in the TIF Plan.

2. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for TIF District No. 3, and the City Council makes the following findings:

(a) TIF District No. 3 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination being that the construction and equipping of an approximately 30,000 square foot fertilizer plant will increase employment in the State, help prevent the emergence of blight and result in the preservation and enhancement of the tax base of the State.

(b) The proposed development in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future. The reasons supporting this finding are that:

(i) Northern Resources Cooperative has represented to the City that private investment will not finance these development activities because of prohibitive costs. It is necessary to finance these development activities through the use of tax increment financing so that this and other development by private enterprise will occur within Development District No. 1.

(ii) A comparative analysis of estimated market values both with and without establishment of TIF District No. 3 and the use of tax increments has been performed as described above. Such analysis is found in Exhibit V of the TIF Plan, and indicates that the increase in estimated market value of the proposed

development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of TIF District No. 3 and the use of tax increments.

(c) In the opinion of the City Council, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of TIF District No. 3 permitted by the TIF Plan. The reasons supporting this finding are that:

- (i) The estimated amount by which the market value of the site will increase without the use of tax increment financing is \$0, except for an unknown amount attributable to appreciation in land value (from \$93,600 to \$93,600);
- (ii) The estimated increase in the market value that will result from the development to be assisted with tax increment financing is \$732,420, including the value of the building (from \$93,600 to \$826,020); and
- (iii) The present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan is \$160,876.

(d) The TIF Plan for TIF District No. 3 conforms to the general plan for development or redevelopment of the City of Roseau as a whole.

The reasons for supporting this finding are that:

- (i) TIF District No. 3 is properly zoned;
- (ii) The Planning Commission of the City of Roseau has determined that the proposed TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole; and
- (iii) The TIF Plan will generally complement and serve to implement policies adopted by the City.

(e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City of Roseau as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.

The reasons supporting this finding are that:

The development activities are necessary so that development and redevelopment by private enterprise can occur within Development District No. 1.

3. Public Purpose. The adoption of the Tax Increment Financing Plan for Tax Increment (Economic Development) District No. 3 within Development District No. 1 conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

4. Certification. The Auditor of Roseau County is requested to certify the original net tax capacity of TIF District No. 3 as described in TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Clerk is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within TIF District No. 3 for which

building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

5. Filing. The City Clerk is further authorized and directed to file a copy of the TIF Plan for TIF District No. 3 with the Commissioner of Revenue.

6. Administration. The administration of Development District No. 1 is assigned to the City Clerk who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

7. Interfund Loan. The City has determined to pay for certain costs (the “Qualified Costs”) identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the City’s general fund or any other fund from which such advances may be legally made (the “Fund”). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the “Interfund Loan”):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$21,827 (or, if less, the amount actually paid from such fund) together with interest at 2% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270.75, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

(b) Principal and interest on the Interfund Loan (“Payments”) shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District (“Payment Dates”) which Payments will be made in the amount and only to the extent of Available Tax Increment as hereinafter defined. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from “Available Tax Increments” which shall mean, on each Payment Date, all of the tax increment generated in the preceding six (6) months with respect to the Development Property within the TIF District and remitted to the City by Roseau County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1799. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

(d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

(e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the

payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

The motion for the adoption of the foregoing resolution was duly seconded by councilmember Curt Ireland and upon vote being taken thereon, the following voted in favor thereof: Pelowski, Vatsndal, Ireland, Novacek and Schiltz.

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

Council member Curt Ireland introduced the following resolution and authorized Mayor and Clerk to sign:

RESOLUTION #13-12

RESOLUTION AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT

A. WHEREAS, Northern Resources Cooperative, a Minnesota domestic cooperative (the “Developer”) has requested that the City of Roseau, Minnesota (the “City”) assist with the financing of certain costs incurred in connection with the construction and equipping of an approximately 30,000 square foot fertilizer plant (the “Project”).

B. WHEREAS, the Developer and the City have determined to enter into a Development Agreement providing for the City’s assistance for the Project (the “Development Agreement”).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Roseau, Minnesota, as follows:

1. The City Council hereby approves the Development Agreement in substantially the form submitted, and the Mayor and Clerk are hereby authorized and directed to execute the Development Agreement on behalf of the City.

2. The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

The motion for adoption of the foregoing resolution was duly seconded by councilmember Gerry Schiltz and after full discussion thereof, and upon a vote being taken thereon, the following voted in favor thereof: Pelowski, Ireland, Schiltz, Novacek and Vatsndal.

and the following voted against the same: None

Adopted this 7th day of May, 2012.

Attest: Janet Lundbohm
City Clerk

s/s: Jeff Pelowski
Mayor

The Development Agreement by and between City of Roseau, Minnesota and Northern Resources Cooperative for Tax Increment Financing (Economic Development) District No. 3 within Development District No. 1 is on file at the Roseau City office.

After discussion Council member Pat Novacek motioned, Council member Gerry Schiltz seconded, and it was carried by unanimous vote to set a Public Hearing to be held on Tuesday, May 29th, 2012 for Brian Pelowski (#2-2012) for a Variance request to replace an existing garage with a new 14' x 20' garage with a corner side setback of 4' in lieu of the 20' corner side setback required, a 16' corner side setback Variance and a side setback of 4' in lieu of the 10' side setback required, a 6' side setback Variance as recommended by the Planning Commission.

The Planning Commission set the date of May 29th, 2012 from 10:00 am to 12:00 noon for the "Planning Commission Annual Tour of the City" and to hold the Regular monthly meeting of the Planning Commission on May 29th, 2012 at 12:00 noon.

The Planning Commission reviewed the Northern Resources Cooperative Tax Increment Financing (TIF) District No. 3 request and have agreed it conforms to the overall plans of the City.

Roseau County Commissioner Jack Swanson reported on the following:

- That the legislative magic act is hung up in the republican caucus and the democratic governors office. The MAGiC act would allow counties to not only do what the state allows, it would allow the counties to do things cheaper and more efficient.

Community Development Coordinator Todd Peterson reported that the Operation Committee met and discussed the following:

- Met informally with the engineering firm of Widseth, Smith & Nolting to discuss engineering services as the city does not have an engineering firm.
- What to do with the facilities that Arlen and Diane Sandland own at the Airport.

Community Development Coordinator Todd Peterson reported that the Airport Committee met on May 2, 2012 and discussed the following:

- On going projects at the Roseau Municipal Airport including the reconstruction on the aprons and Turf runway shift.
- Arlen and Diane Sandland have indicated that they will manage the Airport until June 2013 and the consensus of the Airport committee was that it would be best to have someone on site to manage the airport after the Sandland's leave.
- Discussed what to do with Arlen and Diane Sandland's facilities they own at the Airport.

After much discussion council consensus was to have Council member Curt Ireland and Council member Pat Novacek be on a committee to review and come up with options for what to do with the facilities that

the Sandland's own at the Airport and if there should be an on site manager to replace Arlen and Diane Sandland at the Roseau Municipal Airport.

Community Development Coordinator Todd Peterson reported the EDA met April 25, 2012 and discussed the following:

- The need for affordable housing.
- The EDA will meet on May 18th, 2012 with Toni Merdan (Rep. Collin Peterson's office) and Val Gravseth (Senator Al Franken's office) to discuss affordable housing.

Fire Chief Jeff Ballard reported on the following:

- The regional meeting was held at Genes April 19, 2012
- The Fire Department is transferring the Chevy grass rig that the City Council had given permission to sell last year to city Superintendent David Drown's department.

Chief of Police Ward Anderson reported that City Superintendent David Drown had received a complaint of semi's using their Jake brake on highway 11 when the pedestrian flashing light comes on by the school and it is very loud. Council consensus was to not put out signs of "Vehicle Noise Laws Enforced" at this time and if there are more complaints to bring it back to the city council for discussion.

Community Development Coordinator Todd Peterson reported that he has received the signed "Tree Planting Project Grant" and that delivery and planting of the trees is underway.

Council person Curt Ireland offered the following resolution and moved its adoption:

RESOLUTION #14-12 ACCEPTING BIDS

BE IT RESOLVED, that pursuant to advertisement for bids for the City of Roseau 2012 Street Improvements Project, City of Roseau, Minnesota, HEI Project No. R116127-002, the following Base Bid Amounts were received:

Davidson Construction, Inc.....	\$898,711.15
Wagner Construction, Inc.....	\$935,987.55
Spruce Valley Construction.....	\$1,271,459.07

NOW THEREFORE BE IT RESOLVED that the Base Bid amount of Davidson Construction, Inc. in the amount of \$898,711.15 be accepted.

Council person Linda Vatsndal seconded the motion and the same being put to a vote, was duly carried.

s/s: Jeff Pelowski
Mayor

Aye: Pelowski, Novacek, Ireland, Vatsndal and Schiltz

Nay: None

Date: May 7th, 2012

Council member Pat Novack introduced the following resolution and moved its adoption and authorized Community Development Coordinator Todd Peterson to sign contracts:

RESOLUTION #15-12 ORDERING IMPROVEMENT

WHEREAS, a hearing was duly held on April 2, 2012 in the city of Roseau, Minnesota, for the following proposed public improvement, to-wit:

Installation of storm drainage improvements on the Highway 11 Frontage road NW between 9th Avenue NW and 15th Avenue NW.

WHEREAS, all property owners whose property is liable to be assessed for the making of his improvement were given ten days published notice of said public hearing through two weekly publications of the notice and ten days mailed notice, as required by law, and the hearing was held and property owners were heard thereon, and

WHEREAS, a preliminary report has been submitted by the city engineer, Houston Engineering, as to its feasibility and estimated cost of \$85,000.00,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ROSEAU, MINNESOTA, that the above describe improvements are hereby ordered as proposed and as described in said notice of hearing.

Adopted by the council this 7th, day of May, 2012.

s/s Jeff Pelowski
Mayor

s/s: Janet Lundbohm
City Clerk

The motion of the foregoing resolution was duly seconded by Council member Gerry Schiltz and upon vote being taken thereon the following voted in favor thereof: Pelowski, Novacek, Schiltz, Vatsndal, and Ireland

and the following voted against the same: None

Whereupon said motion was declared duly passed and adopted.

Council member Gerry Schiltz introduced the following resolution and moved for its adoption.

R #16-12
RESOLUTION APPOINTING DIRECTOR AND ADVISOR AS CITY OF ROSEAU
REPRESENTATIVES ON
THE NORTHERN MUNICIPAL POWER AGENCY BOARD

BE IT RESOLVED, that Todd Peterson is hereby appointed Director and David Drown is appointed Advisor as City of Roseau representatives on the Northern Municipal Power Agency Board for May 1, 2012 to April 30, 2013.

Dated this 7th day of May 2012.

s/s Janet Lundbohm
Janet Lundbohm, City Clerk

s/s Jeff Pelowski
Jeff Pelowski, Mayor

The motion was duly seconded by Council member Pat Novacek and upon vote being taken, the following voted in favor thereof: Pelowski, Schiltz, Novacek, Ireland, and Vatsndal.

and the following voted against the same: None

and the following abstained: None

and the following were absent: None

whereupon said motion was declared duly passed and adopted.

Community Development Coordinator Todd Peterson gave an update on the Roseau East Diversion project:

- The last land owner agreed to accept the offer and the City of Roseau will own all of the parcels of land needed for the project.
- Community Development Coordinator Todd Peterson reported that the Grant Application to the US Department of Commerce-EDA for the Roseau East Diversion Flood Control Project was rejected and that the City of Roseau was encouraged to reapply for flood assistance money through EDA.

Council member Pat Novacek motioned, Council member Curt Ireland seconded, and it was carried by unanimous vote that there was no further business, therefore the meeting be adjourned.

ATTEST:

City Clerk

Mayor

