

**REGULAR ROSEAU CITY COUNCIL MEETING
MONDAY – MAY 5TH, 2014 @ 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 Curt Ireland, Pat Novacek, Linda Vatnsdal, and Don Ross. Others present were Community Development Coordinator Todd Peterson, City Superintendent David Drown, Chief of Police Ward Anderson, Liquor Store Manager Linda Roseborough, City Attorney Pat Moren, City Clerk Janet Lundbohm, Roseau County Commissioner Jack Swanson and WILD102 Radio, Fire Chief Jeff Ballard, Tracee Bruggeman-Brady Martz & Associates, Peggy McCourt, and Jamie Thelan – Sand Companies, Inc.

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

Council member Linda Vatnsdal motioned, Council member Don Ross seconded and it was carried by unanimous vote to approve the April 7th, 2014 minutes as presented.

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

- a. Accounts payable claims from April 1st, 2014 through April 30th, 2014 as presented, with a batch number of AP043014 and is filed in edit books in the City Clerk’s Office.
- b. Daily Batch checks written from April 1st, 2014 through April 30th, 2014 were audited, approved and are filed in edit books in the City Clerk’s Office.
- c. Receipt entries March 1st, 2014 through March 31st, 2014 were audited, approved and are filed in edit books in the City Clerk’s Office.
- d. Journal entries February 1st, 2014 through February 28th, 2014 were audited, approved and are filed in edit books in the City Clerk’s Office.
- e. A review of February, 2014 General Ledger checks written compared with check images on the bank statements found no irregularities.
- f. Notices and Communications –
 - a. Upcoming scheduled meetings –
 - a. June 2nd, 2014 Regular meeting at 5:00 p.m.
- g. Approve the use of alcohol in the Community Center – none
- i. Sanitary Survey Report for Roseau Public Water System (PWS), Roseau County, PWSID 1680003.
- j. LMCIT – April 2014 Ambassador Talking Points.
- k. Renew Coast True Value’s request to use the City owned downtown vacant lot at 118 Main Avenue North (former Jake’s Pizza Lot) to display lawn mowers, etc. for sale, for the period of April 1, 2014 through March 31, 2015 (one year).
- l. Email from Holly Kostrzewski (DOT) in regards to an invitation to the 5th annual Northwest Minnesota Toward Zero Deaths (TZD) workshop on Wednesday, June 4th, 2014 at Sanford Center in Bemidji.
- n. Investment-Roseau EDA Hi Fi as of 04/29/2014 is \$199,556.50.
- o. Cash in bank-DNR Escrow as of 04/29/2014 is \$2,000.00.
- p. Cash in bank-Regular checking as of 04/29/2014 is \$1,934,983.11.
- q. Investment-Regular Hi Fi as of 04/29/14 is \$1,460,439.96.
- r. Investment of Certificate of Deposit as of 04/29/14 is \$766,849.71.
- s. Investment of Certificate of Deposit as of 04/29/14 is \$770,875.18.
- t. Investment of Certificate of Deposit as of 04/29/2014 is \$773,486.35.
- u. Investment of Certificate of Deposit as of 04/29/14 is \$780,275.41.
- v. Cash in bank - Airport Fuel Sales Credit Card as of 04/29/2014 \$5,056.81.
- w. Investment - Roseau EDA Money Market as of 04/29/14 is \$62,449.00.
- x. Cash in bank - Pine to Prairie Birding Trail as of 04/29/2014 is \$6,976.37.
- y. Cash in bank - Scandinavian Festival as of 04/29/2014 is \$4,224.03.
- z. Cash in bank – Welcome to Roseau as of 04/29/2014 is \$1,312.17.
- aa.Cash in bank - Roseau EDA as of 04/29/14 \$939.79.

- Todd had presented the Planning Commission the draft of the Hopkins Sign Ordinance with the City of Roseau information inserted into it to reflect the City of Roseau Sign Ordinance. The Planning Commission will review and bring any recommendations for changes to the next Planning Commission meeting.
- The Planning Commission reset the “Planning Commission Annual Tour of the City” to May 21st, 2014 from 10:00 am until 11:30 am with the Planning Commission meeting to follow at 12:00 noon.
- Building Official Kevin Wiskow informed the Planning Commission that clean up week is Monday, May 12th, 2014 through Friday, May 16th, 2014.
- A citizen reported that the property at 305 7th St SW has an accumulations of tires, snowmobiles and piles of wood in the driveway.
- The Planning Commission approved the Resolution of the Planning Commission Finding the Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 5 conforms to the City plans for Development of the City as a whole.

After review and discussion Council member Curt Ireland motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote to set a Public Hearing for May 21st, 2014 at 12:30 o’clock or as soon as possible thereafter for Super One Foods (#2-14) for a Variance request for the purpose of installing a sign on existing pole with a size of 148 square feet in excess of the 250 square feet total allowed as recommended by the Planning Commission.

Roseau County Commissioner Jack Swanson reported on the following:

- The Roseau County board meets tomorrow and is in the process of hiring a new assessor and veterans officer.
- The board approved providing technological support services to the City of Roseau, for no longer than six months, at a rate of \$100.00 per hour. The board will discuss potential collaboration with the City of Roseau and the City of Warroad for IT services.

Council member Don Ross reported that Oakcrest Golf Course is up and running, the greens have been mowed and Wednesday is clean up night.

Council member Linda Vatnsdal reported that the beautification committee has had a couple of meetings and they are looking for workers and committee members.

A Public Hearing was held regarding Proposed Establishment of Tax Increment Financing District No. 5 within Development District No. 1 and the proposed adoption of a Tax Increment Financing plan for Tamarack Place.

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

There were no written comments

There were no oral comments

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

Council member Don Ross introduced the following resolution and moved for its adoption:

RESOLUTION ESTABLISHING TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 5 WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1 AND APPROVING THE TAX INCREMENT FINANCING PLAN THEREFOR

WHEREAS:

A. It has been proposed that the City of Roseau, Minnesota (the “City”) establish Tax Increment Financing (Housing) District No. 5 (“TIF District No. 5”) and approve and accept the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 (the “Act”); and

B. The City Council has investigated the facts and has caused to be prepared a proposed tax increment financing plan for TIF District No. 5, located within Municipal Development District No. 1 (the “TIF Plan”); and

C. The City has performed all actions required by law to be performed prior to the establishment of TIF District No. 5, and the adoption of a TIF Plan, 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. 5 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. 5. TIF District No. 5 is hereby established in the City within Municipal Development District No. 1 as a housing tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

2. TIF Plan. TIF Plan is adopted as the tax increment financing plan for TIF District No. 5, and the City Council makes the following findings:

(a) TIF District No. 5 is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11, the specific basis for such determination being that the construction of a 40-unit apartment complex will provide safe, decent, sanitary housing for persons or families of low and moderate income in the City, and will 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) Private investment will not finance these development activities because of prohibitive costs relative to rental revenues for low and moderate income multifamily housing units. It is necessary to finance these development activities through the use of tax increment financing so that development of affordable multifamily housing and other development by private enterprise will occur within Municipal Development District No. 1.

(c) The TIF Plan for TIF District No. 5 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. 5 is the properly zoned; and

(ii) The Planning Commission has determined that the proposed TIF Plan conforms to the general plan for the development and redevelopment of the City as a whole: and

(iii) The TIF Plan will generally compliment and serve to implement policies adopted by the City.

(d) 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 Municipal 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 Municipal Development District No. 1.

1. Public Purpose. The adoption of the TIF Plan for TIF District No. 5 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 and provide safe, decent, sanitary housing for all residents of the City, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

1. Certification. The Auditor of Roseau County is requested to certify the original net tax capacity of TIF District No. 5 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. 5 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

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

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

And the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

Jamie Thelan representing Sand Company, Inc. presented the City Council a Multifamily Housing development program, City of Roseau, Minnesota (Roseau Tamarack Place, LLC Financing) (on file at the Roseau City Office).

Council member Curt Ireland introduced the following resolution and moved for its adoption:

RESOLUTION #20-14

RESOLUTION APPROVING, ON A PRELIMINARY BASIS, THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR A PROJECT BY ROSEAU TAMARACK PLACE, LLC; AUTHORIZING SUBMISSION OF AN APPLICATION FOR ALLOCATION OF BONDING AUTHORITY TO THE STATE OF MINNESOTA; AUTHORIZING PREPARATION OF A MULTIFAMILY HOUSING DEVELOPMENT PROGRAM; AND AUTHORIZING A PUBLIC HEARING

BE IT RESOLVED, by the City Council (the "Council") of the City of Roseau, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01 Roseau Tamarack Place, LLC, a Minnesota limited liability company (the "Company"), is proposing to construct and equip a 40-unit multifamily apartment project located at 1105 3rd Avenue SW in the City (the "Project"). The Company has represented the following to the City:

A. The maximum rent for at least 20 percent of the units in the proposed Project will not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the federal Department of Housing and Urban Development.

B. Project-based federal rental assistance payments are not being made for or with respect to the Project.

C. The Company will: enter into a 15-year agreement with the City that specifies the maximum rental rates of the rent-restricted units in the Project and the income levels of the residents of the Project occupying income-restricted units; and annually certify to the City over the term of the agreement that the rental rates for the rent-restricted units are within the limitations set forth in D, below.

D. Either (i) not less than 20% of the units will be made available only for individuals or families whose income does not exceed 50% of area median income adjusted for family size; or (ii) not less than 40% of the units will be made available only for individuals or families whose income does not exceed 60% of area median income, adjusted for family size.

E. The Project will not be restricted to persons who are 55 years or older.

F. The economic feasibility of the Project will be greatly enhanced through the issuance of revenue bonds by the City.

1.02 The Company has requested that the City declare its present intent to issue its multifamily housing revenue bonds to provide funds to finance the Project.

1.03 Fryberger, Buchanan, Smith & Fredrick, P.A., bond counsel (“Bond Counsel”) has informed the City that the City is authorized to issue its revenue bonds for such purpose pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Municipal Housing Program Act”) and that the proposed Project is a “multifamily housing development” under Section 462.02, Subd. 5 of the Municipal Housing Programs Act.

1.04 Bond Counsel has additionally informed the City that for such revenue bonds to be general exempt from federal income tax, bond allocation authority must be obtained from the State of Minnesota pursuant to Minnesota Statutes Chapter 474A (the “Minnesota Bond Allocation Act”).

Section 2. Declaration of Intent. It is declared to be the intention of the City to issue revenue bonds in the principal amount of not to exceed \$3,000,000 for the purpose of financing the costs of the Project (the “Bonds”). Preliminary approval is to the Bonds to be issued for the Project, subject to satisfying the requirements of the Municipal housing Programs Act and obtaining bond allocation pursuant to the Minnesota Bond Allocation Act.

Section 3. Authorization to Staff.

A. The administrative staff of the City and their agents, including but not limited to Bond Counsel, are authorized and directed to submit the Application for Allocation of Bonding Authority to the Minnesota Management & Budget Treasury Division (“MMB”) with all possible speed, subject to receipt from the Company of a certified check or checks in the following amounts:

(i) an amount equal to one percent (1%) of the stated principal amount of the Bonds (the “Deposit”); plus

(ii) An amount equal to \$20 for each \$100,000 increment of the Bonds, rounded to the Nearest \$100,000 (the “Applicable Fee”), recognizing that the Application Fee is nonrefundable.

B. The administrative staff of the City and their agents, including but not limited to Bond Counsel, are authorized to take such further actions as are necessary to carry out the intent and purpose of this resolution and the requirements of the Municipal Housing Programs Act and the Minnesota Bond Allocation Act. All details of and conditions precedent to the issuance of the Bonds and the provisions for payment thereof shall be subject to final approval of the Council. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City and the Bonds, when, as and if issued, shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenues of the Project received from the Company and the property pledged to the payment of the Bonds and further, that the Bonds do not and will not constitute a debt of the City, within the meaning of any constitutional or statutory limitation.

Section 4. Housing Plan. Bond Counsel is authorized and directed to prepare a Housing Plan for the Project (the “Plan”).

Section 5. Public Hearing. The Community Development Coordinator in consultation with Bond Counsel is authorized and directed to arrange for a public hearing on the proposed Plan, the Project and the financing; and shall cause the required notices of public hearings to be prepared and published.

Section 6. Declaration Under Federal Reimbursement Rules. This resolution constitutes a declaration of official intent under U. S. Treasury Regulations, § 1.1502.

Adopted: May 5, 2014

Mayor

Community Development Coordinator

The motion for the adoption for the foregoing resolution was duly seconded by Council member Linda Vatnsdal and upon vote being taken thereon, the following voted in favor thereof: Pelowski, Ireland, Vatnsdal, Ross and Novacek

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 presented the City Council the proposed Airport Financial Plan (on file at the Roseau City Office).

After discussion Council member Pat Novacek motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to approve borrowing \$126,517.00 in FAA Entitlement funds from the City of Winsted (to be repaid in 2015 from the City of Roseau's entitlement fund) for the hangar project at the Roseau Airport contingent upon approval from the FAA to build the hangar and approval from FAA and the City of Winsted to borrow the \$126,517.00 in FAA entitlement funds.

Community Development Coordinator Todd Peterson reported that the Airport Zoning Public Hearing will be held June 6th, 2014 at 2:00 pm at Spruce Town Hall.

Community Development Coordinator Todd Peterson reported that the EDA met April 30th, 2014 at 12:00 p.m. and discussed the following:

- Reviewed EDA accounts.
- Business development update.

Liquor Store Manager Linda Roseborough reported that the Roseau Liquor Store participated in the MMBA "Help Your Local Animals" by collecting \$353.00 in donations to be given to the Pennington County Humane Society.

Fire Chief Jeff Ballard reported on the following:

- Roseau Fire Station Design Proposal.

After review and discussion Council Member Pat Novacek motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to authorize Fire Chief Jeff Ballard to sign the Widseth Smith and Nolting Proposal for Design Services at a cost of \$18,000.00 for the Roseau Fire Station.

City Superintendent David Drown reported that R & Q was the only bid that was submitted for the 2014 Streets Improvement Project and the bid was for \$434,639.50 and the Engineer's Estimate was \$415,229.15.

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

RESOLUTION #21-14 ACCEPTING BID

BE IT RESOLVED, that pursuant to advertisement for bids for the City of Roseau 2014 Street Improvements Project, City of Roseau, Minnesota, HE Project No. 6127-009, the following base bid amount was received:

R & Q Trucking.....\$434,639.50

NOW THEREFORE BE IT RESOLVED that the Base Bid amount of R & Q Trucking in the amount of \$434,639.50 be accepted.

Council member Don Ross seconded the motion and the same being put to a vote, was duly carried.

s/s: Jeff Pelowski
Mayor

Aye: Pelowski, Ireland, Ross, Vatnsdal, Novacek

Nay: None

Date: May 5th, 2014

After discussion Council member Linda Vatnsdal motioned, Council member Curt Ireland seconded and it was carried by unanimous to authorize City Superintendent David Drown to repair the 50' section of pipe on 6th ST NE (north of the school) that had a water break, as recommended by City Superintendent David Drown.

City Superintendent David Drown reported that the water tower froze this past winter due to the extreme length of very cold weather and are waiting to have it inspected to determine the damages. This has been submitted in to the insurance.

After discussion Council member Pat Novacek motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to authorize that any revenue including the \$1,800.00 that was paid by the contractor from the removal and sale of city trees at the city park where the east diversion is will be given to the capital expenditure fund for parks as recommended by Community Development Coordinator Todd Peterson.

City Attorney Pat Moren advised the City Council that the City Council should set the date and time for the Public Hearing on a program for a multifamily housing development and the issuance of multifamily housing revenue bonds that was previously passed by Resolution #20-14.

After discussion Council member Linda Vatnsdal motioned, Council member Curt Ireland seconded to amend the Resolution #20-14 to add "June 2nd, 2014 at 5:30 pm" for the Notice of Public Hearing, following discussion Council member Linda Vatnsdal withdrew her motion and Council member Curt Ireland withdrew his second.

After discussion Council member Pat Novacek motioned, Council member Don Ross seconded and it was carried by unanimous vote to set the date for the Notice of Public Hearing on a program for a multifamily housing development and issuance of multifamily housing revenue bonds for June 2nd, 2014 at 5:30 pm. (Resolution #20-14).

Community Development Coordinator Todd Peterson reported that Mike Baumgartner will accept the agreement of \$8,000.00 per lot for his two lots for a total of \$16,000.00 at Oak Crest West Subdivision that resides within the new street project area in lieu of an actual assessment.

Community Development Coordinator Todd Peterson reported on the following:

- Efforts to modify the language in regards to the TIF multihousing requirements in support of Job Growth.
- The potential of funds appropriated from the general fund to the commissioner of employment and economic development to make grants under the workforce housing grants pilot program.

After review and discussion Council member Curt Ireland motioned, Council member Linda Vatnsdal seconded and it was carried by unanimous vote to approve the Cooperative Housing Project (Northwest Community Action, Roseau School & City) building project at a cost of \$172,000 and spend the money that was originally committed to the \$350,000 for a Roseau County Revolving Loan Fund (2013 Spec Home Construction Program) as recommended by Community Development Coordinator Todd Peterson.

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

ATTEST:

City Clerk

Mayor

