

**ROSEAU CITY COUNCIL SPECIAL MEETING**  
**MONDAY – March 15, 2021 at 4:00 P.M.**  
**IN PERSON AND ZOOM MEETING**

The special meeting of the Roseau City Council was held on the above date, time and place. Members present were, Mayor Dan Fabian, Councilmembers: Pat Novacek, Amy Bassingthwaite, Brady Johnson, CDC Todd Peterson City Superintendent David Drown, City Attorney Michelle Moren and Jack Swanson WILD102 Radio. Member present via Zoom: Councilmember Jane Evans. Absent: none. Others present via Zoom were, Financial Advisor Mikaela Huot Baker Tilly, and Developer Skip Duchesneau DW Jones Management.

Mayor Dan Fabian called the meeting to order and the Pledge of Allegiance was said.

There were three items on the agenda for the special meeting:

- Public Hearing to consider a resolution establishing TIF Plan and TIF District for the Eleven01 project
- Public Hearing to consider a resolution approving tax abatement and tax abatement agreement for the Eleven01 project
- Park and Recreation Director Discussion.

CDC Todd Peterson, Financial Advisor Mikaela Huot, Baker Tilly, and Developer Skip Duchesneau, DW Jones Management presented background information on the TIF Development Plan and TIF District information for the Eleven01 project to the City Council. After discussion Councilmember Amy Bassingthwaite motioned, seconded by Council member Pat Novacek to open a public hearing on the TIF Development Plan and TIF District for the Eleven01 project. Those voting in favor: Fabian, Novacek, Bassingthwaite, Evans, and Johnson. Against: None. Absent: None

Comments: The TIF plan developed by from BakerTilly for TIF District #6 was entered into evidence. Financial advisor Mikaela Huot provided some background information on the TIF Plan and need for the TIF to finance the project. Jack Swanson asked about how payments would be made to the City. It was noted that all of the payments would be transferred from the County to the City and subsequently provided to the EDA to pay on revenue bonds for the apartment project issued with TIF revenues as pledge. No other comments were received by the City on the TIF proposal.

There being no further comments Council member Pat Novacek motioned to close the public hearing, seconded by Councilmember Brady Johnson and upon roll call vote the motion was passed: Those voting in favor: Fabian, Novacek, Bassingthwaite, Evans, and Johnson. Against: None. Absent: None

Councilmember Amy Bassingthwaite introduced the following resolution and moved its adoption:

RESOLUTION NO. 18-21

RESOLUTION ESTABLISHING TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 6 WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1 AND APPROVING THE TAX INCREMENT FINANCING PLAN THEREFOR

A. WHEREAS, it has been proposed that the City of Roseau, Minnesota (the "City") (1) establish Tax Increment Financing (Economic Development) District No. 6 (the "TIF District") within Municipal Development District No. 1 (the "Development District"); and (2) approve and adopt the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

B. WHEREAS, the City Council has investigated the facts and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and

C. WHEREAS, the City has performed all actions required by law to be performed prior to the approval of the establishment of the TIF District and the adoption of the TIF Plan, including, but not limited to, notification of Roseau County and Independent School District No. 682 (Roseau Community Schools) having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

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

1. Tax Increment Financing (Economic Development) District No. 6. There is hereby established in the City within the Development District, the TIF District, an economic development 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 the TIF District, and the City Council makes the following findings:

(a) The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination is set forth in Section J of the TIF Plan.

(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 for such determination are set forth in Section J(2) of the TIF Plan.

(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 the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Section J(2) of the TIF Plan.

(d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Section J(4) of the TIF Plan.

(e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are set forth in Section J(3) of the TIF Plan.

(f) The TIF District will be used to finance a workforce housing project under Minnesota Statutes, Section 469.176, Subd. 4c, paragraph (d):

- (i) The City is located outside of the metropolitan area, as defined in Minnesota Statutes, Section 473.121, Subd. 2;
- (ii) The average vacancy rate for rental housing located in the City and in any statutory or home rule charter city located within 15 miles or less of the boundaries of the City has been three percent or less for at least the immediately preceding two-year period;
- (iii) At least one business located in the City or within 15 miles of the City that employs a minimum of 20 full-time equivalent employees in aggregate has provided a written statement to the City indicating that the lack of available rental housing has impeded the ability of the business to recruit and hire employees; and
- (iv) The City and the Roseau Economic Development Authority intend to use increments from the TIF District for the development of rental housing to serve employees of businesses located in the City or surrounding area.

The reasons and supporting facts for this finding are set forth in Section J(5) of the TIF Plan.

(g) Section J of the TIF Plan is incorporated herein by reference.

3. Public Purpose. The adoption of the TIF Plan for the TIF District within the Development District 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 the TIF District 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 Economic Development Director 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 the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

5. Filing. The Economic Development Director is further authorized and directed to file a copy of the Modification and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

6. Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan 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 \$393,352 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, 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 increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Roseau County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

(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 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 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 adoption of the foregoing resolution was duly seconded by member Pat Novacek and, after full discussion thereof, and upon a roll call vote being taken thereof, the following voted in favor thereof: Fabian, Novacek, Bassingthwaite, Evans, and Johnson

and the following voted against same: None

Adopted this 15<sup>th</sup> day of March, 2021.

CDC Todd Peterson, Financial Advisor Mikaela Huot, Baker Tilly, and Developer Skip Duchesneau, DW Jones Management then presented background information on the Tax Abatement information for the Eleven01 project. After discussion Councilmember Pat Novacek motioned, seconded by Councilmember Brady Johnson to open a public hearing on the Tax Abatement for the Eleven01 project. Those voting in favor: Fabian, Novacek, Bassingthwaite, Evans, and Johnson. Against: None. Absent: None

Comments: A tax abatement memorandum from BakerTilly on the Eleven01 project was entered into evidence. Jack Swanson again asked about how payments on the tax abatement would be handled. CDC Peterson explained that unlike TIF, tax abatement are handled differently as each entity providing a tax abatement would have to account for the taxes paid by the Eleven01 project in their budgets and provide those revenue amounts back to the City in a payment that would be subsequently provided to the EDA for payment on the associated bonds. This is different than a TIF where all of the tax payments are collected by the County and not disbursed out to the taxing jurisdictions. No other comments were provided to the City on the tax abatement.

There being no further comments Council member Brady Johnson motioned to close the public hearing, seconded by Councilmember Pat Novacek and upon roll call vote the motion was passed: Those voting in favor: Fabian, Novacek, Bassingthwaite, Evans, and Johnson. Against: None. Absent: None

Council member Amy Bassingthwaite introduced the following resolution and moved its adoption:

**RESOLUTION APPROVING PROPERTY TAX ABATEMENTS 19-21**

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

1. Recitals.

(a) The City proposes to approve tax abatements in connection with the construction by the Roseau Economic Development Authority (the "EDA") of a 37-unit multifamily rental housing project to be located in the City (the "Project") on property currently identified as Parcel Identification Number 54.0303006 (the "Tax Abatement Property"). The City proposes to use the abatement for the purposes provided for in Minnesota Statutes, Sections 469.1812 through 469.1816 (the "Abatement Law"), including the Project, from the property taxes to be levied by the City on the Tax Abatement Property.

(b) The proposed term of the abatement will be for up to fifteen (15) years in an amount not to exceed \$216,685. The proposed abatement will apply to a portion of the City's share of real estate taxes which relate to the construction of the Project on the Tax Abatement Property and not the real estate taxes on the Tax Abatement Property that relate to the value of the land, as determined by the City (the "Abatement").

(c) On the date hereof, the Council held a public hearing on the question of the Abatement, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice thereof.

(d) The Abatement is authorized under the Abatement Law.

2. Findings for the Abatement. The City Council hereby makes the following findings:

(a) The Council expects the benefits to the City of the Abatement to at least equal or exceed the costs to the City thereof.

(b) Granting the Abatement is in the public interest because it will increase the tax base in the City and construct public facilities.

(c) The Tax Abatement Property is not located in a tax increment financing district.

(d) In any year, the total amount of property taxes abated by the City by this and other existing abatement resolutions, shall not exceed ten percent (10%) of net tax capacity of the City for the taxes payable year to which the abatement applies or \$200,000, whichever is greater (the "Abatement Limit"). The City may grant other abatements permitted under the Abatement Law after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Limit the allocation of the Abatement Limit to such other abatements is subordinate to the Abatement granted by this resolution.

3. Terms of Abatement. The Abatement is hereby approved. The terms of the Abatement are as follows:

(a) The Abatement shall be for up to fifteen (15) years commencing with taxes payable 2032 and shall not exceed \$216,685. The City shall transfer the Abatement to the EDA semiannually commencing August 1, 2032 to and including February 1, 2047. The City reserves the right to modify the commencement date but the abatement period shall not exceed fifteen (15) years.

(b) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

(c) The Abatement may be modified only as agreed to in writing by the City.

The motion for the adoption of the foregoing resolution was made by Council member Amy Bassingthwaite and duly seconded by member Jane Evans and, upon a roll call vote being taken thereon after full discussion thereof, the following voted in favor thereof: Fabian, Novacek, Bassingthwaite, Evans, and Johnson

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

CDC Peterson provided a recommendation on the filling of the vacant Parks & Recreation Director position. The Parks & Recreation Director Search Committee received 13 applications for Park & Recreation Director. After reviewing all the applications, the committee selected 4 candidates for initial interviews and one applicant for a second interview. After deliberation, the committee was unanimous in its recommendation of Keith Severson to be offered the Parks & Recreation Director position. The committee was aware of Mr. Severson's desired salary range of \$60-70k, however, the P&R Director position starting salary is \$50,773. The committee requested CDC Peterson contact Mr. Severson to see what potential pay package he would accept.

CDC Peterson contacted Mr. Severson to offer the P&R Director position and to discuss the starting salary package. After negotiation CDC Peterson and candidate Severson agreed to the following compensation package:

- Starting Salary \$55,328 (Grade 7, Year 3)
- In August 2021 and with acceptable review, Mr. Severson receive a pay increase to \$59,882 (Grade 7, Year 6)
- In December 2021, another review to determine if promotion to Department Head is warranted (Grade 10, Step 1) \$65,107. If Department Head is not awarded at that time, but work is still satisfactory for the Grade 7 position an increase to Grade 7, Step 8 \$62,918
- If position not upgraded to Department Head in January 2022, review periodically to determine if Department Head position is warranted (Grade 10, Step 1)

The 2021 approved budget for the Parks Director is \$69,044. Mr. Severson has also requested consideration of additional vacation time over the amount provided for starting employees. Mr. Severson is requested to be provided with 18 days per year (achieved after 10 years of service), versus the 12 day normally provided to starting employees.

Mr. Severson has 10 years of experience in management and marketing roles with LM Wind Power, LEGO Systems and Cirrus Aircraft. He also has extensive volunteer experience in parks and recreation through the Peidmont Park Baseball and Hockey Associations and Boy Scouts in Duluth, Minnesota.

After discussion Council member Jane Evans motioned, seconded by Council member Amy Bassingthwaite to approve of the hire of Keith Severson for the Parks & Recreation Director position with the salary package outlined by CDC Peterson and the standard benefits package including vacation time at 12 days per year as is standard practice. Start date would be at latest April 1, 2021; but could start anytime before that date. The motion was passed by roll call vote with the following in favor: Fabian, Novacek, Bassingthwaite, Evans and Johnson. Against: None

There being no further business Council member Brady Johnson motioned to adjourn the City Council special meeting, seconded by Council member Pat Novacek and carried by unanimous vote. The motion was passed by roll call vote with the following in favor: Fabian, Novacek, Bassingthwaite, Evans and Johnson. Against: None

ATTEST:

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Todd Peterson, Community Development Coord.

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Mayor Dan Fabian