

**REGULAR ROSEAU CITY COUNCIL MEETING
MONDAY – November 2, 2015 @ 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 Pat Novacek, Don Ross, Amy Bassingthwaite, and Jane Evans. Absent: none. Others present were Community Development Coordinator Todd Peterson, City Superintendent David Drown, City Attorney Pat Moren, Assistant City Attorney Michelle Moren, Police Chief Ward Anderson, Liquor Store Manager – Linda Roseborough, Clerk-Treasurer Beth Hellquist, Roseau County Commissioner Jack Swanson - WILD102 Radio, and Bruce Stone.

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

Council member Pat Novacek motioned, Council member Don Ross seconded and it was carried by unanimous vote to approve the October 5th, 2015 Regular meeting minutes as written.

Council member Pat Novacek motioned, Council member Jane Evans seconded and it was carried by unanimous vote to approve the October 20th and continued meeting October 21st, 2015 Special Council meeting minutes as written.

Council member Don Ross motioned, Council member Amy Bassingthwaite seconded and it was carried by unanimous vote to approve the following Consent Agenda:

1. Presentation of Accounts Payable claims October 1st, 2015 through October 31st, 2015 batch AP103115.
2. Presentation of daily checks October 1, 2015 through October 31, 2015.
3. Presentation of Receipt entries September 1, 2015 through September 30, 2015.
4. Presentation of Journal entries JV083115.
5. Audit Committee review of August, 2015 General Ledger checks written compared with images on the bank statement.
6. Notices and Communications –
Upcoming scheduled meetings:
 - a. December 7, 2015 Regular council meeting at 5:00 p.m./Truth in Taxation Public Hearing at 6:00 p.m.
7. Approve the use of alcohol in the Community Center-none
8. Investment–Roseau EDA Hi Fi as of 10/28/2015 is \$48,174.79.
9. Cash in bank-DNR Escrow as of 10/28/2015 is \$2,000.00.
10. Cash in bank-Regular checking as of 10/28/2015 is \$1,948,764.24.
11. Investment-Regular Hi Fi as of 10/28/2015 is \$1,543,921.13.
12. Investment Certificate of Deposit as of 10/28/2015 is \$773,176.20.
13. Investment Certificate of Deposit as of 10/28/2015 is \$777,234.88.
14. Investment Certificate of Deposit as of 10/28/2015 is \$779,867.59.
15. Investment Certificate of Deposit as of 10/28/2015 is \$786,712.66.
16. Cash in bank-Airport Fuel Sales Credit Card as of 10/28/2015 is \$12,134.22.
17. Investment-Roseau EDA Money Market as of 10/28/2015 is \$225,899.57.
18. Cash in bank-Pine to Prairie Birding Trail as of 10/28/2015 is \$11,640.80.
19. Cash in bank-Roseau EDA as of 10/28/2015 is \$3,177.90

20. “2015 Christmas Lighting Contest” (The same categories as 2014 with prizes awarded in Roseau Dough)

21. Approve 2016 (December 1, 2015 - November 30, 2016) Liquor Licenses contingent upon all paperwork is obtained by the Clerk’s Office.

- American Legion Club + Sunday
- Brickhouse Bar & Grill + Sunday
- Gene’s Bar & Grill
- Guest House Eatery & Pub + Sunday
- North Country Inn & Suites
- Oakcrest Golf Club + Sunday
- Roseau Motel & Diner
- Sparetime Bowl (Legends) + Sunday
- The Pour House Bar & Grill + Sunday
- VFW Club

22. Approve 2016 (January 1, 2016 – December 31, 2016) 3.2 Beer Licenses contingent upon all paperwork is obtained by the Clerk’s Office.

- Holiday Stationstores – Off sale
- Super One Foods (Miner’s) – Off Sale
- The Pour House Bar & Grill – Off Sale
- Shopko Hometown – Off Sale

23. LG240B – Excluded Bingo –VFW Post 8663

24. LG 240B – Excluded Bingo – American Legion

25. MDH-Sanitary Survey Report for Roseau Public Water System

26. October 2015 Liquor Store Revenue & Expenditures

27. October 2015 City Revenue & Expenditures

Delegations-none

Committee Reports

Roseau Promotions Director

Roseau Promotions Director Lyle Grindy was absent.

Planning Commission-

CDC Todd Peterson informed council the Planning Commission met October 26, 2015. The Planning Commission discussed the proposed sign ordinance. City Attorney Pat Moren’s office has reviewed the City’s current ordinance and noted that no changes are necessary. The Planning commission voted to hold this over until the next Planning commission meeting for additional review of the draft in final ordinance form for insertion into code.

The Planning Commission discussed the slow clean-up, of the 5 vacant trailers, in the Westside Trailer Court. The Police Department has spoken with an owner of the Trailer Park. The owner is not happy about the clean-up progress either. Law enforcement will get involved if nothing significant is accomplished in the next two weeks. The Planning Commission will discuss this issue again at the next Planning Commission meeting.

Council inquired about legal options to speed up the progress. City Attorney Pat Moren and Assistant City Attorney Michelle Moren informed council there are two options: fining, which may not be significant enough to make a difference; and abatement, which is a lengthy process.

No action taken.

CDC Peterson informed council the issue of transient merchants was discussed briefly and was tabled until the next Planning Commission meeting.

Roseau County Commissioner –

Roseau County Commissioner Jack Swanson informed council the County received two grants; one was a grant up to \$125,000 per year from the Federal Drug Free Communities support program; the other was a Domestic Violence grant. Roseau County has had over 100 reported cases in the last 12 months.

Commissioner Swanson informed council the Association of Minnesota Counties will hold their Spring 2016 meeting in Roseau.

Commission Swanson informed council the USGS river gauge cost share request from the City of Roseau failed. The matter was deferred pending a meeting of County commissioners with the Roseau River Watershed Board set for November 3rd, 2015.

Operation Committee –

CDC Todd Peterson informed council the Operations Committee did not meet.

Oak Crest Golf Course – Closed for the season-no new business.

Airport Committee –

CDC Todd Peterson informed council the Airport Committee did not meet. Polaris pilot, Brian Barber, did meet with Todd Peterson to discuss some of the issues with the hangar lease. Most of the issues were wordage issues. Utilities for the hangar were a concern as Polaris will not be the sole user of the hangar. Polaris would like the utilities to be split 50/50 with the City for the first year until usage is determined. Council had no objection to the 50/50 split of utilities.

It was Council consensus to split the utility cost with Polaris 50/50 for the first year and then reevaluate after a baseline was established.

CDC Peterson informed council the door to the hangar AMRG is leasing from the City of Roseau is inches to low. The Valley Med Helicopter will not fit, so the door will need to be replaced. AMRG will replace the door at their cost (of approximately \$27,000) if the City will amend the lease to a 5 year lease instead of a 1 year lease and the door will remain AMRG's.

Council discussed the current lease. AMRG understands the hangar may have to eventually be moved due to airport expansion. AMRG will have to put the old door back in the hangar when the lease ends.

After discussion, Council member Amy Bassingthwaite motioned, Council member Don Ross seconded, and it was carried by unanimous vote to amend the lease agreement with AMRG from a 1 year to a 5 year lease, and the door AMRG is purchasing will remain theirs when the lease is over.

Beautification Committee –

City Superintendent David Drown informed council the city crew plans to have the Christmas decorations up by Thanksgiving.

EDA –

CDC Todd Peterson informed council the EDA met last week. There were no action items, just general discussion.

Department Reports

Liquor Store-

Liquor Store Manager Linda Roseborough provided council with the 2014 auditors report. Cities are ranked by net profit/(loss) as a percent of sales. The City of Roseau's liquor store has a #2 ranking state wide. It also has a #1 ranking in the Northwest region.

Fire Department-

Fire Chief Jeff Ballard was absent but informed council through an email that he was submitting a grant for the turnout gear. Chief Ballard also requested council approval to proceed with purchasing a flatbed truck this year. Chief Ballard requested using the revenues from DNR calls and the Palsberg fire. The revenues this year are \$9,942.50.

Council discussed including it in next year's budget or approving it for this year.

After discussion, Council member Pat Novacek motioned, Council member Don Ross seconded, and it was carried by unanimous vote to authorize the Fire Department to spend up to \$9,942.50 on a flatbed truck for the Fire Department.

Police Department – no new business

Superintendent- no new business

City Attorney- no new business

Community Development Coordinator-

CDC Todd Peterson presented council the 2016 proposed budget for the Roseau Court Townhomes. The budget is the same as last year with the exceptions of a \$30 per unit rent increase per month and an increase in the expenditure budget, MFHA allows 1 unit to be treated for bed bugs to be budgeted The monthly rents for the Roseau Court Townhomes is less than Parkland Place but will be competitive with Tamarac Place apartments.

After discussion, Council member Pat Novacek motioned, Council member Jane Evans seconded and it was carried by unanimous vote to approve the 2016 budget for Roseau Court Townhomes.

CDC Peterson informed council the lease Johnson Oil lease has with the City expires in October. Johnson Oil would like to renew the lease.

After discussion, Council member Amy Bassingthwaite motioned, Council member Don Ross seconded and it was carried by unanimous approval to renew the Lease with Johnson Oil.

CDC Peterson informed council there would be a 14% increase in the city's group health insurance if the City renews with Medica, not 15% as originally estimated. The preliminary budget reflects the change. Thune is also getting a quote from the NW Service Co-op to check options. CDC Peterson asked for authorization to sign off on the Medica health insurance policy if the Service Co-op is not a viable option. After discussion, Council member Amy Bassingthwaite motioned, Council member Jane Evans seconded and it was carried by unanimous vote to authorize CDC Todd Peterson to sign off on the Medica Health Insurance policy if no changes are recommended.

CDC Todd Peterson presented council with Resolution 42-15 "Approving First Amendment To Development Agreement with Roseau Tamarack Place, LLC" and the "First Amendment to Development Agreement" These are to reflect the changes resulting from the TIF Plan Amendment.

RESOLUTION # 42-15

APPROVING FIRST AMENDMENT TO DEVELOPMENT AGREEMENT WITH ROSEAU TAMARACK PLACE, LLC

WHEREAS, the City of Roseau, Minnesota is a municipal corporation political subdivision under the laws of the State of Minnesota (the “City”), and exercises powers under Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “Act”);

WHEREAS, pursuant to the Act, the City is authorized to assist the development of real property by private enterprise;

WHEREAS, the City Council (the “City Council”) previously approved the Tax Increment Financing Plan and established Tax Increment Financing (Housing) District No. 5 in the City (the “TIF District”) on May 5, 2014;

WHEREAS, the City entered into a Development Agreement (the “Development Agreement”), with Roseau Tamarack Place, LLC (the “Developer”), dated November 7, 2014, for the Tamarack Place Project located within the TIF District;

WHEREAS, the TIF Plan was amended by the City on July 6, 2015 to reflect an increase in the estimated sources of revenue and an increase in eligible public costs from \$534,000 to \$632,500 for the Tamarack Place Project (the “TIF Plan Amendment”);

WHEREAS, the City and Developer desire to amend the Development Agreement in order to reflect changes resulting from the TIF Plan Amendment (the “First Amendment to Development Agreement”).

NOW, THEREFORE:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEAU, MINNESOTA that the First Amendment to Development Agreement is approved in accordance with the terms, conditions and restrictions set forth in the First Amendment to Development Agreement.

BE IT FURTHER RESOLVED that the form of the First Amendment to Development Agreement, in substantially the form presented to the City Council, is approved.

BE IT FURTHER RESOLVED, that the Mayor and Clerk, are authorized and directed in the name and on behalf of the City to execute the First Amendment to Development Agreement with such changes as do not materially change the substance thereof as the Mayor and the Clerk shall deem necessary and appropriate.

Dated _____, 2015.

Mayor

ATTEST:

Clerk

FIRST AMENDMENT
TO DEVELOPMENT AGREEMENT

This FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this “First Amendment”) is entered into as of November 2, 2015, by and between the CITY OF ROSEAU, a municipal corporation and political subdivision (the “City”), and TAMARACK PLACE, LLC, a Minnesota limited liability company (the “Developer”).

RECITALS

A. The Developer and City are parties to that certain development agreement dated November 7, 2014 (the “Development Agreement”) and filed in the office of the Roseau County Recorder on July 23, 2015 as Document No. 284287.

B. The Development Agreement provides that the City will reimburse the Developer for up to \$532,000 of the amount actually expended on Project Costs and interest thereon from Eligible Tax Increment received from Tax Increment Financing (Housing) District No. 5 (the “TIF District”) as further described in the Development Agreement.

C. The Tax Increment Financing Plan for the TIF District was amended by the City on July 6, 2015 to reflect an increase in the estimated sources of revenue and an increase in eligible public costs from \$534,000 to \$632,500 for the Tamarack Place Project (the “TIF Plan Amendment”).

D. The Developer and City desire to amend the Development Agreement in order to increase the reimbursement amount to the Developer to reflect the increase in eligible public costs in the TIF Plan Amendment.

NOW, THEREFORE, in consideration of the provisions and mutual obligations of the parties hereto, the following provisions of the Development Agreement are amended as follows:

1. Capitalized Terms. All capitalized terms used in this First Amendment but not defined herein shall have the same meanings assigned to them as in the Development Agreement.

2. Definition. A. The definition of “Termination Date” found in Article I of the Development Agreement is amended and completely replaced with the following definition:

“*Termination Date*” means the earlier of (i) date that the TIF District ends or is terminated, which date is after 25 years after receipt by the City of the first Tax Increment from the TIF District or (ii) the Payment Date on which the Developer has been fully reimbursed for the amount of the Project Costs in an amount equal to the lesser of the principal amount of \$632,500, or the amount actually expended within 5 years of the date of certification of the TIF District by the Auditor, as evidenced in the manner set forth in Section 3.2, plus interest at the non-compounding rate of 4.50% per annum.

B. The definition of “TIF Note” found in Article I of the Development Agreement is amended and completely replaced with the following definition:

“*TIF Note*” means the Tax Increment Revenue Note, whether issued as one or more notes, which is expected to be executed and delivered by the City to the Developer pursuant to Section 3.2 in the maximum aggregate principal amount of \$632,500 to provide the funds for payment of certain Project Costs.

3. Amendment to Section 3.2(a). Section 3.2(a) of the Development Agreement is amended to read as follows:

In consideration of the Developer’s obligations and performance under this Agreement, and in order to defray a portion of such costs over time, the City shall execute and deliver to the Developer the TIF Note, whether issued as one or more notes, in the maximum aggregate principal amount of \$632,500 in the form attached to this Agreement as Exhibit E, subject to modifications therein required by Section 7.4 hereof and upon receipt of the income certification required by Section 5.2 as well as receipt of the documentation required by Sections 4.1 and/or 4.2. Interest payable on the TIF Note shall start to accrue as of the date of execution and delivery of the TIF Note.

4. Amendment to Section 3.2(c). Section 3.2(c)(i) of the Development Agreement is amended to read as follows:

(i) The Developer has provided the City with documentation reasonably satisfactory to the City (invoices, receipts, canceled checks, etc.) showing payment of at least \$632,500 in Project Costs to be paid from the TIF Note, or such lesser amount as may be approved by the City, in which case the TIF Note shall reflect a lesser amount as the maximum principal amount equal to the costs authorized herein; and

5. No Other Amendments. Except to the extent amended herein, all of the terms and conditions of the Development Agreement are ratified and confirmed and shall remain in full force and effect.

The Developer and City have executed this Amendment to be effective as of the date stated in the first paragraph above.

CITY OF ROSEAU, MINNESOTA

By _____
Its Mayor

By _____
Its Clerk

After discussion, Council member Pat Novacek motioned, Council member Jane Evans seconded and it was carried by unanimous vote to authorize and direct the Mayor and Clerk to execute the First Amendment to Development Agreement.

CDC Peterson informed council the construction is done on the Diversion project. The Corps models for the new floodplain maps will be sent to FEMA to review on November 13th, 2015. The levies should be certified in December. The Corps will help the city get the proper publications done. We still will not know how long the whole floodplain removal process will take; it depends on FEMA.

Mayor Council

CDC Todd Peterson presented council with the latest version of the 2016 preliminary budget. The preliminary budget is pretty much set, needing just some minor adjustments.

After discussion, it was council consensus to review the 2016 Preliminary Budget before the December 7th, 2015 meeting, in electronic form, and add it to the agenda for the December 7th 2015 regular council meeting.

Unfinished Business-

Council member Jane Evans informed council if the bathrooms are approved for the Gazebo Park, Linda Vatnsdal volunteered to be the point person.

Council member Pat Novacek brought up for discussion the approval process of liquor at the City Center. It was discussed that City policy has been that all liquor approvals are made by Council action and as a result the most recent event could not be approved because of the lateness of the application to the City. It was discussed that our application highlight that the City requires 45 day notice of a liquor request. The City needs that time to get it approved by council and the Police Department needs time to schedule an officer. It will be noted in bolder print on the application and on the City website. It will also be noted that the rooms are not reserved until the completed applications are in and approved, along with the deposit and certificate of liability insurance.

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

ATTEST:

Clerk-Treasurer

Mayor