

**REGULAR ROSEAU CITY COUNCIL MEETING**

**MONDAY – October 3, 2022**

**Regular meeting at 5:00 P.M.**

**In person meeting**

**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 Dan Fabian, Councilmembers: Pat Novacek, Amy Bassingthwaite, Brady Johnson, Mary Hayes Absent: none. Others present were Community Development Coordinator Todd Peterson, City Superintendent David Drown, Police Chief Ward Anderson, Fire Chief Leon Huot, City Attorney Michelle Moren, Clerk-Treasurer Beth Carlson, Roseau County Commissioner Jack Swanson, Stu McFarlane – Citizens State Bank, Craig McMillin - BB Diversified, Shannon Carlson – LifeCare Medical Center, and city residents Mary Ross and Keith Severson.

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

Council member Brady Johnson motioned, Council member Amy Bassingthwaite seconded, and it was carried by unanimous vote to approve the September 12, 2022, regular meeting minutes as written.

Council member Amy Bassingthwaite motioned, Council member Pat Novacek seconded, and it was carried by unanimous vote to approve the following

1. Presentation of Accounts Payable claims September 1, 2022, through September 30, 2022, Batch AP09302022.  
CK# 72976-73014 = \$108,190.34.
2. Presentation of daily checks September 1, 2022, through September 30, 2022  
CK# 72843-72975= \$913,704.21.  
E# 3053-3091 = \$394,979.44.  
PR 09/15/2022 = \$42,474.66  
PR 09/30/2022 = \$44,562.40
3. Presentation of Receipt entries August 1, 2022, through August 31, 2022.
4. Presentation of Journal entries JE07312022.
5. Audit Committee review of July 2022 General Ledger checks written compared with images on the bank statement.
6. Notices and Communications –  
Upcoming scheduled meetings:

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**Mayor**  
Dan Fabian

**Council**  
Pat Novacek  
Amy Bassingthwaite  
Brady Johnson  
Mary Hayes

**City Attorney**  
Michelle E. Moren

**Police Chief**  
Ward Anderson

**Manager Liquor Store**  
Niki Johnson

**City Clerk-Treasurer**  
Elizabeth Carlson

**Community  
Development Coordinator**  
Todd Peterson

**City Superintendent**  
David Drown

- a. November 7, 2022, Regular council meeting at 5:00 p.m.
- b. 2022 Truth in Taxation public hearing date Dec. 5, 2022, 6:00 pm at the regular Council meeting.

- 7. Approve the use of alcohol in the Community Center- none
- 8. Investment–Roseau EDA Hi Fi as of 09/28/2022 is \$105,361.97.
- 9. Cash in bank-Regular checking as of 09/28/2022 is \$2,032,298.74
- 10. Investment-Regular Hi Fi as of 09/28/2022 is \$1,565,714.80
- 11. Investment Certificate of Deposit as of 09/28/2022 is \$828,648.94
- 12. Investment Certificate of Deposit as of 09/28/2022 is \$822,673.03.
- 13. Investment Certificate of Deposit as of 09/28/2022 is \$824,394.95.
- 14. Investment Certificate of Deposit as of 09/28/2022 is \$815,610.81.
- 15. Investment-Roseau EDA Money Market as of 09/28/2022 is \$40,557.67
- 16. Cash in bank-Roseau EDA as of 09/28/2022 is \$25.29
- 17. R 42-22 RESOLUTION

**WHERE AS**, in accordance with the Minnesota Statutes § 345.31-345.60 (Minnesota Uniform Disposition of Unclaimed Property Act) requirement that cities must remit unclaimed property to the State of Minnesota.

**NOW, THEREFORE, BE IT RESOLVED**, that Roseau City Clerk-Treasurer Elizabeth Carlson be and is hereby authorized to remit four (4) unclaimed warrants to the State of Minnesota Department of Commerce Unclaimed Property Division totaling \$304.42.

<u>Ck. No</u>	<u>Date</u>	<u>Amount</u>	<u>Payee</u>
#69298	11/20/2020	\$126.24	Tony Phillips
#69716	02/08/2021	\$ 74.47	Hailey Tuchtenhagen
#69814	03/03/2021	\$ 80.69	Braian Fontanez
#70170	05/12/2021	\$ 23.02	Darius Sikorski

Approved this 3rd day of October 2022

\_\_\_\_\_  
Dan Fabian, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth Carlson, City Clerk-Treasurer

18.

**RESOLUTION NO. #43-22**

**A RESOLUTION TO DESIGNATE THE POLLING PLACE FOR 2023**

**WHEREAS**, THE CITY COUNCIL OF ROSEAU, MINNESOTA, pursuant to Minnesota Statute §204B.16 POLLING PLACES; DESIGNATION, is required by December 31st of each year to designate by ordinance or resolution a polling place for each election precinct. The polling places designated in the ordinance or resolution are the polling places for the following calendar year, unless a change is made.

**NOW THEREFORE**, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEAU, MINNESOTA AS FOLLOWS:

The City of Roseau designates the Roseau City Center at 121 Center Street East, Roseau as the polling place for the 2023 Elections.

Passed by the City Council of Roseau, Minnesota this 3rd day of October 2022

\_\_\_\_\_  
Mayor

Attested:

\_\_\_\_\_  
Clerk-Treasurer

- 19. September 2022 City Revenues & Expenditures
- 20. Liquor Store monthly sales report
- 21. Kurt Wiseth Hangar #1 Lease agreement Oct 1-Dec 31, 2022

**City Attorney**

City Attorney Michelle Moren asked that discussion on Oak Crest Senior Housing be moved up on the agenda.

City Attorney Moren presented to council the following Informed Consent and Conflict of Interest Waiver.

## **INFORMED CONSENT AND CONFLICT OF INTEREST WAIVER**

LifeCare Medical Center, Inc, a Minnesota non-profit corporation, (LifeCare) has requested the legal assistance of the Law Offices of Patrick D. Moren (Moren) regarding preparation of an Asset Purchase Agreement for the purchase by LifeCare of the assets of Oak Crest Senior Housing. (Oak Crest)

Moren currently represents the City of Roseau, a Minnesota municipal corporation (City).

Oak Crest is a party to a Development Agreement dated May 1, 2006 by and between the City and Oak Crest. (A copy of which is attached hereto and incorporated herein as Exhibit A). As part of said Development Agreement, the City created a Tax Increment District and the City adopted a tax increment financing plan (TIF plan) dated April 5, 2004, to assist Oak Crest with the financing of the construction of a senior housing facility.

That in order to complete the purchase of the Oak Crest assets, LifeCare has requested that the City agree to an assignment of the Development Agreement, which includes an assignment of the TIF plan.

Pursuant to Section 6.9 of the Agreement, the Developer (Oak Crest) cannot assign its interest in the Development Agreement without the consent of the City, which consent shall not be unreasonably withheld.

That each party hereto acknowledges that Moren has provided representation to each entity in the past and Moren currently acts as the City of Roseau Attorney.

Each party understands that their interests could differ, specifically; the City could withhold its consent to the assignment of the TIF Plan from Oak Crest to LifeCare. At this time, the interests of the parties are aligned and based upon verbal communications, both the City and LifeCare are in agreement with the assignment of the TIF plan.

Each party has been advised that it could be construed as a conflict of interest for Moren to represent the City regarding advice about the assignment of the Development Agreement and Moren to represent LifeCare in regard to the

preparation of the Asset Purchase Agreement, and all attendant documentation regarding the acquisition by LifeCare of the Oak Crest assets.

The City understands, and LifeCare has confirmed, that it is the intent of LifeCare to continue the operation of the senior housing facility with no gap in services during the transition period.

As each party agrees that their interests are aligned and it is in the best interests of the residents of the facility and the parties to approve the transaction, each party hereby waives any conflict and provides their informed consent to authorize Moren to represent each party in regard to this matter.

In the event that the interests of the parties are no longer aligned, LifeCare understands and agrees that Moren will withdraw as attorney of record for LifeCare in regard to this transaction, and LifeCare further agrees that Moren may still continue to provide legal advice to the City in regard to this matter.

**LIFECARE MEDICAL CENTER**

\_\_\_\_\_

By: Keith Okeson

Its President and Chief Executive Officer

STATE OF MINNESOTA    )

) SS

COUNTY OF ROSEAU        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of October, 2022, by Keith Okeson, the President and Chief Executive Officer of LifeCare Medical Center, a Minnesota Non-profit Corporation, on behalf of the corporation.

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Notary Public

**CITY OF ROSEAU**

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By: Dan Fabian

Its Mayor

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By: Elizabeth Carlson

Its Clerk-Treasurer

STATE OF MINNESOTA )

) SS

COUNTY OF ROSEAU )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of October, 2022, by Dan Fabian and Elizabeth Carlson, the Mayor and Clerk-Treasurer of the City of Roseau, a Minnesota Municipal Corporation, on behalf of the Corporation.

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Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

LAW OFFICES OF PATRICK D. MOREN

P.O. Box 350

Roseau, Minnesota 56751

Phone: (218) 463-1564

Council member Pat Novacek motioned, Council member Mary Hayes seconded, and it was carried by unanimous vote to approve the Informed Consent and Conflict of Interest Waiver.

City Attorney Moren and CDC Peterson also presented to council the Development Agreement by and between the City of Roseau and Oak Crest Senior Housing. LifeCare is asking the City of Roseau to reassign the current TIF Plan from Oak Crest Senior Housing to LifeCare. CDC Peterson stated that there are about 2 years of payments left on the TIF agreement. Stuart McFarlane, Chairman of the Board of Oak Crest Senior Housing and Shannon Carlson from LifeCare were present to answer questions. The Council was advised that LifeCare will continue operating the facility as Senior Housing and that there will be no gap in services during the transition phase.

Council member Pat Novacek motioned, Council member Amy Bassingthwaite seconded, and it was approved by unanimous vote to approve the assignment of the Development Agreement from Oak Crest Senior Housing to Life Care at the time of the sale of Oak Crest Senior Housing to LifeCare with all other terms and conditions of the Developer Agreement remaining in full force and effect; and adopting the following.

EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY  
OF ROSEAU, MINNESOTA  
HELD: OCTOBER 3<sup>RD</sup>, 2022

At the regular meeting of the City Council of the City of Roseau, Minnesota, held on Monday, October 3<sup>rd</sup>, 2022, at 5:00 p.m., a Motion was made by Councilperson Pat Novacek for passage of the following Resolution:

**THE CITY COUNCIL OF THE CITY OF ROSEAU, MINNESOTA DOES HEREBY RESOLVE AS FOLLOWS:**

RESOLUTION NO. 44-22

RESOLUTION ASSIGNING DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF ROSEAU AND OAK CREST SENIOR HOUSING, INC. TO LIFECARE MEDICAL CENTER, INC. (REGARDING TAX INCREMENT FINANCING PLAN ADOPTED APRIL 5, 2004 AND AGREEMENT DATED MAY 6, 2006).

A. WHEREAS, pursuant to Minnesota Statutes Section 469.124 through 469.134, the City of Roseau, Minnesota (the "City") formed Municipal Development District No. 1 (Development District) and adopted a development program therefor (the "Development Program"); and

B. WHEREAS, pursuant to the provisions of Minnesota Statutes Section 469.174 through 469.1799, as amended (the "Tax Increment Act"), the City created within the Development District, Tax Increment Financing District (Housing) No. 2 (the "TIF District") and adopted a tax increment financing plan dated April 5<sup>th</sup>, 2004 (the "TIF Plan") therefor which provided for the use of tax increment financing in connection with certain development within the Development District; and

C. WHEREAS, the City entered into a Development Agreement (the "Agreement") with Developer Oak Crest Senior Housing, a Minnesota nonprofit corporation (the "Developer") on May 1<sup>st</sup>, 2006, whereby the City agreed to assist the Developer with financing certain costs of construction of a Senior Housing Facility (the "Project") to be constructed within the TIF District; and

D. WHEREAS, the City has been advised that the Developer desires to sell the completed project to LifeCare Medical Center, Inc. ("LifeCare") with a proposed closing date of October 31<sup>st</sup>, 2022; and

E. WHEREAS, the City is aware that the TIF Plan and Agreement will not be completed for approximately two (2) years from the proposed closing date; and

F. WHEREAS, Article 6.9 of the Agreement states in part: "The Developer shall not assign its interest in this Agreement . . . without the consent of the City, which consent shall not be unreasonably withheld; and

G. WHEREAS, representatives from both the Developer and LifeCare appeared at the Council meeting on October 3<sup>rd</sup>, 2022 and requested that the City consent to the assignment of the TIF Plan and Agreement to LifeCare; and

H. WHEREAS, following discussion, the City deems said transfer to be in the best interests of the TIF District.

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

That the City of Roseau hereby consents to the assignment of the Development Agreement by and between the City of Roseau and Developer Oak Crest Senior



Housing, Inc. dated May 1<sup>st</sup>, 2006, referencing the TIF Plan dated April 5<sup>th</sup>, 2004 to LifeCare Medical Center, Inc., effective as of October 31, 2022, or the date of the sale of the Project from Oak Crest Senior Housing to LifeCare Medical Center, Inc.

All other terms and conditions of the TIF Plan and Agreement shall remain in full force and effect.

Filing. The Community Development Coordinator is further authorized and directed to file a copy of this resolution authorizing the assignment of the Agreement referencing the TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor, if necessary.

The motion for adoption of the foregoing resolution was duly seconded by member Amy Bassingthwaite and, after full discussion thereof, and upon a vote being taken thereof, the following voted in favor thereof: Mayor Fabian, Council members Novacek, Bassingthwaite, Johnson, and Hayes.

and the following voted against same: none

Adopted this 3<sup>rd</sup> day of October, 2022.

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Mayor

Attest: \_\_\_\_\_

City Clerk -Treasurer

**Delegations/Petitions/Complaints**

Craig McMillin from BB Diversified gave council an update on BB Diversified’ s current machining business and planned expansion. Mr. McMillin stated that BB Diversified does machining, contract labor and sub assembly and has been a Polaris supplier for over 20 years. BB Diversified currently employees over 100 people. BB Diversified has Minnesota locations in Roseau, Hallock, White Bear Lake and a location in Montana.

Mr. McMillin stated that BB Diversified ran out of space in Hallock and rather than adding on in Hallock, BB Diversified bought the “Sorenson” property and is moving that machining to Roseau and ending the machining in Hallock for now. Initially there will be 5 or 6 people working at the newly acquired property but that number could grow. BB Diversified plans on adding another building on the lot in 3 to 5 years. Mr. McMillin informed council that updating the building has not gone smoothly as it is worse shape than originally thought.

CDC Peterson informed council that BB Diversified was not awarded the redevelopment grant so the city will only be able to provide TIF assistance to help with the redevelopment of the property. CDC Peterson stated that Taft Law Group is drawing up the TIF agreement, so if there are any modifications to the development plan needed, BB Diversified will need to make them right away. Craig McMillin stated that he will speak with CDC Peterson about possible modifications to the TIF agreement.

## **Committee Reports**

### **Planning Commission**

The Planning Commission met Monday, September 26, 2022, at 12:00pm. CDC Peterson reviewed the minutes.

- Chairman Sabourin is stepping down from the Planning Commission. The Planning Commission recommends to the City Council the appointment of Nathan Voll to the Roseau Planning Commission.

Council member Mary Hayes motioned, Council member Brady Johnson seconded, and it was carried by unanimous vote to approve appointing Nathan Voll to the Roseau Planning Commission.

Mayor Fabian acknowledged Mr. Sabourin’s work on the Planning Commission and thanked him for his service.

- At 12:10 pm on September 26<sup>th</sup> a public hearing was held for Sarah Larson’s conditional use permit application (#4-22). The public hearing was advertised in the newspaper and notices were sent to all property owners within 350’ of the subject property. No comments were received prior to or during the public hearing. An architectural drawing outlining the plans for the facility was provided to the Planning Commission and City Council. The Planning commission approved the conditional use application #4-22 for Sarah Larson to allow her to operate a family daycare in a C-1 zone. Planning Commission member Stone voted against. Mr. Stone felt the proposal is a bad fit for Main Avenue and the business district.

CDC Peterson provided to council a letter had been dropped off on his desk just before this council meeting. The letter is from the Four Seasons Center voicing safety concerns for the children of the daycare and the busy ally that runs behind the proposed daycare.

Mary Ross was present at the council meeting to speak for her husband Don Ross, as he could not attend. The Ross's are also very concerned with the amount of traffic in the alley and the safety of the children and feel that Main Avenue should be for the business district only.

Council members Mary Hayes and Council member Pat Novacek also voiced safety concerns.

Sarah Larson informed council that currently the family day care is run out of her basement which is also located on Main Avenue. Moving to the new location would triple the space compared to her current location.

Ms. Larson stated the children are always supervised, including pick up and drop off times. Parents bring the children into the facility and come in to pick them up. Ms. Larson reiterated that this is a family daycare. There are 5 to 6 families, an average of 12 children. The hours of operation are from 7 am to 5 pm. The children are dropped off and picked up at different times so parking should not get congested.

Council was provided with an architect's drawing of the proposed day care. The State Fire Marshall was also provided the architectural design and has inspected the building. Ms. Larson informed council that the back parking lot of property will be fenced in with the appropriate square feet required by the state of MN.

Council member Bassingthwaite pointed out the Ms. Larson has met all the requirements to proceed with a daycare at this location. CDC Peterson stated that the Planning Commission approved the application without conditions.

Council member Amy Bassingthwaite motioned, Mayor Dan Fabian seconded, and it was carried by majority vote to approve the conditional use application #4-22 for Sarah Larson to allow her to operate a family daycare in a C-1 zone.

Council member Mary Hayes opposed.

- CDC Peterson reviewed the spreadsheet noting the progress on the clean-up report that Police Officer Cody Vonasek had provided to the Planning Commission. Priority has been placed on the trailer courts and residential areas and most of the property owners on the list have been contacted and noticeable progress is being made. A few citations have been issued as well.

City Superintendent informed council that he has not been able to contact the railroad concerning their cleanup issues.

### **Roseau County Commissioner**

County Commissioner Jack Swanson commented on the shortage of daycares in the county and the affect it is having on employers. An employee of Roseau County recently resigned as they could not find day care.

Commissioner Swanson informed council that the County would like to divest itself of the building that houses the Food Shelf (The old law enforcement center). According to MN Statutes

if the County were to sell or lease a building to anyone other than a government entity, the minimum sale price would have to be 90% of market value. Commissioner Swanson asked if the City of Roseau would be interested in purchasing the building at a discounted rate. The City of Roseau could then sell, lease, or grant back the purchase price to the Food Shelf. The Food Shelf would like to own the building. The County Board has not acted on this and will discuss it again at their November meeting.

Commissioner Swanson informed council that approximately 20 townships reached the damage threshold to receive financial assistance from the flooding this spring.

### **Operations Committee**

Council member Pat Novack informed council that the operations committee met. City Attorney Moren is drafting the advertising for the Chief of Police position. City Attorney Moren stated that council approval would be needed to advertise for this position.

Council member Amy Bassingthwaite motioned, Council member Brady Johnson seconded, and it was carried by unanimous vote to authorize City Attorney Moren to draw up the advertisement for the City of Roseau Police Chief position with the closing date of November 11, 2022, and have the advertisement posted.

Council member Novacek stated that the Chief of Police is an important position, and it is critical to fill the position the right way and that may include having an interim Chief.

The Operations Committee will meet again on Thursday to review the advertisement and it will be posted when finalized.

### **Oakcrest Golf Course**

Council member Brady Johnson informed council that membership at the Oak Crest Golf Club is up again this year. There have been HVAC improvements and the Golf Club has been working with the City on the ditching project. The Golf Course committee will meet October and November then not again until March. The Golf course will be open until Friday the 28<sup>th</sup> if it is nice.

### **Airport Committee**

CDC Peterson stated that the airport committee did not meet. CDC Peterson did attend a meeting last week with FAA, MnDOT and the City Airport Engineers. It turns out the automated weather system (AWOS) at the Roseau Municipal Airport is obsolete. The cost to replace the obsolete weather system is approximately \$150,000 with the local share being \$30,000. This will need to be added to the budget unless council wants to push it off a year. The council has until December 2 to decide.

### **EDA**

CDC Peterson informed Council that the EDA did not meet in September but will meet in October.

## **Department Reports**

### **Liquor Store**

Liquor Store Manager Niki Johnson was absent.

### **Fire Department**

Fire Chief Leon Huot informed council that there were near record meals served again at the Fire Departments fundraiser. The barricades worked well. A large amount of people were served meals in a short amount of time.

The 2021 Investment Report Card for the Fire Relief Association was provided to council. Chief Huot stated that Mark Wilson had reviewed the report, and everything seemed adequate and correct. Investments are doing okay given the market correction that has occurred in 2022.

Chief Huot informed council that there were about 40 fire calls so far this year which is average.

### **Police Department**

Police Chief Ward Anderson informed council that Roseau County is looking at switching their records management software program and the one the City of Roseau Police Department currently uses, LETG, is being phased out. Roseau County is going to spend approximately \$460,000 updating their software system. Chief Anderson stated that there is not a definite cost or date for when the Roseau Police Department will need to update. It may not happen in 2023 and is not in the budget.

Police Chief Anderson stated that the Fall Festival went well, with lots of people attending. There were some incidents in the evening not related to the festival.

### **Superintendent**

City Superintendent David Drown reported on the following:

- The Park Board is satisfied with the work that Hunter O’Leary has been doing as Park and Rec Director thus far. Superintendent Drown would like to keep Mr. O’Leary as a city utilities employee part of the time as well as Park and Rec Director part of the time through March when a decision on a full-time Park and Recreation Director would be decided. Superintendent Drown stated that there will not be anything added to the Park and Recreation Director position through March beyond those historically done for arena scheduling and some ski trail grooming and ice maintenance.

City Attorney Moren informed council that there is nothing in the City of Roseau’s policy that prohibits this managerial decision.

- Five gazebo bricks were purchased and installed.
- The arena roof is fixed, and the arena compressors are working well.
- The North Rink is up and running and work has started on the ice at the Memorial Arena.
- Volunteers from the Fall Festival event are going to do a final clean in the Memorial Arena as the bathrooms had been left dirty after the event.

City Superintendent Drown and council discussed installing commercial flow, automatic flush toilets in city park facilities as there have been issues with many of the park bathrooms.

**City Attorney**

Items for City Attorney Moren were discussed earlier in the meeting.

**Community Development Coordinator**

Items for CDC Peterson were discussed earlier in the meeting.

**Mayor and Council**

CDC Peterson informed council that there are slight changes to the 2023 budget as items, such as the airport automated weather system, were not listed in the preliminary budget.

It was council consensus to set budget meeting dates for November 1 and November 2 from 5pm to 7 pm.

There being no further business Council member Amy Bassingthwaite motioned to adjourn the meeting, seconded by Council member Mary Hayes, and approved by unanimous vote.

ATTEST:

\_\_\_\_\_  
Elizabeth Carlson, City Clerk-Treasurer

\_\_\_\_\_  
Mayor Dan Fabian