

**MINUTES
SPECIAL CITY COUNCIL MEETING**

DECEMBER 27, 2012

Mayor Jeff Thompson called the meeting to order at 6:00 p.m. Council members present were Jeff Bertram, Jean Soine, and Dennis Zimmerman. Gene Beavers was absent. Others present were Renee Eckerly, City Administrator; Ron Mergen, Public Works Director; Jennifer Welling, Administrative Assistant; Bill Spooner, City Attorney; Ashley Alsum, Cable Coordinator; Chuck DeWolf, Bolton & Menk, Inc.; Ellarry Prentice, Press; Kay McDaniel, Donavon Mayer, Neil Herzberg, and Paul Soine.

The Pledge of Allegiance was recited.

Thompson led the Council in prayer. Council members gave verbal activity reports.

CONSENT AGENDA

Motion to approve the minutes from the following meetings: November 28, 2012 Regular City Council, September 18, 2012 EDAP Board, August 13, 2012 Budget & Finance Committee, July 9, 2012 Budget & Finance Committee, November 13, 2012 Special EDAP Board, November 14, 2012 Public Works Committee, December 12, 2012 Regular City Council, December 12, 2012 Truth In Taxation Public Hearing, and July 30, 2012 Goals & Objectives Special City Council.

Motion to approve the following vouchers:

| | | | |
|------------|--------------------------|-------------|---------------|
| 12/10/2012 | Vouchers | 85329-85332 | \$2,581.71 |
| 12/20/2012 | Vouchers | 85345-85390 | \$85,947.34 |
| 12/21/2012 | Vouchers | 85391 | \$98,000.00 |
| 12/13/2012 | Payroll | 85333-85336 | \$3,453.80 |
| 12/13/2012 | Payroll Direct Deposit | | \$15,687.87 |
| 12/13/2012 | Payroll | 85337-85344 | \$8,826.17 |
| 12/13/2012 | Payroll - Direct Deposit | | \$6,827.10 |
| | Benefits | | |
| 12/18/2012 | Liquor Sales Tax | | \$7,411.00 |
| 12/26/2012 | Payroll | 85392-85421 | \$14,673.41 |
| 12/26/2012 | Payroll Direct Deposit | | \$20,433.79 |
| 12/26/2012 | Payroll | 85337-85344 | \$8,826.17 |
| 12/26/2012 | Payroll – Direct Deposit | | \$9,855.11 |
| | Benefits | | |
| 12/26/2012 | Payroll Benefit Pmts | 85422-85431 | \$11,071.89 |
| 12/27/2012 | Vouchers | 85432-85459 | \$82,652.69 |
| Total | | | \$ 376,248.05 |

Motion to approve the City mileage rate at .565 per mile effective January 1, 2013 through December 31, 2013.

Motion to approve Cigarette Licenses for 2013 for H & L Express, Inc., Casey's Retail Company, Teal's Market, Paynesville Farmers Union Coop Oil Company, Paynesville Municipal Off-Sale

Liquor; and On-Sale Liquor & Sunday Liquor Licenses for 2013 for the Paynesville American Legion Post No. 271 and Queen Bees Bar & Grill, Inc.

Motion was made by Soine to approve the Consent Agenda. Seconded by Zimmerman and unanimously carried.

2012 YEAR END TRANSFERS

The following are optional year end transfers to the Capital Improvement Funds.

The following are the budgeted figures and expenses as of 11/30/12:

| | | |
|----------------------|-------------------|---------------------------|
| Park Dept | Budget: \$75,836 | Actual expense: \$74,325 |
| Airport Dept | Budget: \$110,304 | Actual expense: \$141,878 |
| Street & Alley Dept | Budget: \$108,852 | Actual expense: \$97,508 |
| Snow & Ice Dept | Budget: \$67,485 | Actual expense: \$38,315 |
| Street Lighting Dept | Budget: \$42,000 | Actual expense: \$40,502 |
| Tree Insp. Dept | Budget: \$15,134 | Actual expense: \$13,673 |
| Emergency Serv Dept | Budget: \$11,523 | Actual expense: \$9,132 |
| Police Dept | Budget: \$400,054 | Actual expense: \$317,012 |
| Fire Equip line item | Budget: \$2,000 | Actual expense: \$3,348 |

It was suggested to wait until the City receives actual figures from audit on all transfers except the Liquor transfer.

Motion was made by Soine to transfer the budgeted \$40,000.00 from the Liquor Fund Budget to the General Fund if after the completed audit the transfer does not exceed net income for the year. Seconded by Zimmerman and unanimously carried.

CHIEF OF POLICE OPEN HOUSE

It has been suggested to hold an open house for the community to meet the new Chief of Police, Paul Wegner. Refreshments will be served and an invitation list is being compiled.

Motion was made by Zimmerman to host a Chief of Police Open House on Tuesday, January 8, 2013. Seconded by Soine and unanimously carried.

OUTDOOR ICE RINK WARMING HOUSE

The Hockey Association is constructing an outdoor ice rink warming house at an estimated cost of \$5,500.00. The Township has contacted the City to see if the City is interested in contributing \$2,500.00 toward the cost of the outdoor ice rink warming house. This amount has not been budgeted for in the 2013 budget.

Mergen reported that he received a call from Don Pietsch wondering if the City would participate in this. This has not gone through any committee. The Park & Tree Capital Improvement would have enough money to cover this. This is a one-time cost. The Hockey Association is donating the labor and other associated costs. If the City supports this there is no liability on the City. It was suggested to get outdoor rink usage numbers in the future.

Motion was made by Soine to contribute \$2,500.00 toward the warming house; payable to Paynesville Township with the funds to be taken from the Park Capital Improvement Fund. Seconded by Zimmerman and unanimously carried.

ICE & SNOW ON PUBLIC SIDEWALKS, MOWING OF GRASS & FEES FOR SUCH

Ordinance No. 147, 2nd Series amending the ordinance related to the removal of ice and snow on public sidewalks and Ordinance No. 148, 2nd Series amending ordinance related to maintenance of private property were presented. Resolution 2012-42 Establishing Fees For Removal Of Ice & Snow And Maintenance Of Private Property setting the fee of \$75.00 per hour for the City to remove snow and ice or mow grass was also presented.

The Public Works Committee has reviewed this and the City does not want to be involved in snow removal. The changes would mirror the grass mowing ordinance with a fee of \$75.00 per hour for removal. Spooner stated that the notice period was shortened (4 day time period) due to snow and ice being a hazard.

Motion was made by Zimmerman to approve Ordinance No. 147, 2nd Series. Seconded by Soine and unanimously carried.

Motion was made by Bertram to approve Ordinance No. 148, 2nd Series. Seconded by Zimmerman and unanimously carried.

Motion was made by Soine to approve Resolution 2012-42 Establishing Fees For Removal Of Ice & Snow And Maintenance Of Private Property. Seconded by Zimmerman and unanimously carried.

LOAN FOR TRAIL FUND 127 & AIRPORT FUND 455

The Trail Fund 127 and Airport Fund 455 have a negative balance going into year-end which is not allowed; however, both are expecting grant monies after the 1st of the year. Staff is requesting Council to loan \$150,000.00 from the General Fund Reserves 100 to the Trail Fund 127 and \$75,000.00 from the Airport Capital Improvement Fund 125 to the Airport Fund 455. Both amounts will be paid back once grant monies are received which should be by February 2013.

Motion was made by Zimmerman to transfer \$150,000.00 from the General Fund reserves 100 to Trail Fund 127 and \$75,000.00 from Airport Capital Improvement Fund 125 to Airport Fund 455 to be paid back when grant monies are received. Seconded by Bertram and unanimously carried.

EDAP LOAN - SKINZ

The following is an excerpt from the EDAP Board meeting minutes:

Equipment Loan – Tammy and Jeff Hawksworth, Skinz are requesting a loan of \$98,000.00 for new equipment. The loan would be split equally with Paynesville Township. The equipment purchased would be C & C Milling, C & C Turning and the software to make them work. Currently they are outsourcing this work and would like to do it in-house; it's all about turnaround time. This will also open new possibilities for them to get into manufacturing. The equipment will be purchased and put into use prior to the building expansion being finished. Hawksworth need to close on the loan before

the end of the year for tax purposes. They will be hiring three additional employees. EDAP would take a second position on the new equipment, plus all the other equipment, A/R, finished goods, and raw materials. Wiese reported the Township approved participating in the loan last night.

Motion was made by Beavers to approve the Skinz Equipment Loan in the amount of \$98,000.00 split between the City and Paynesville Township for 10 years with no balloon at 3.25%, plus .25% interest and collateral and recommend such to the City Council and Paynesville Township. Seconded by Soine and unanimously carried (Stanley abstained).

Land subordination – Tammy and Jeff Hawksworth, Skinz reported that they are expanding their current building. They will be doubling the size of the building off the back side. The slab is already poured and construction will start over the next couple of months. The Credit Union and Small Business Administration (SBA) are working together on the loan. New appraisals have been done on the building and the City has received a copy. EDAP also has the bakery building for collateral with F&M Bank. The new total of loans to others (Credit Union and SBA) on the real estate is \$1,318,863.00. The new appraisal value is \$2,010,000.00. The request is to have EDAP subordinate the Skinz #4 loan to the fifth position, but maintain the current collateral. The Credit Union would have positions 1st and 2nd. SBA would have the 3rd & 4th position. The City would move to the 5th position if approved. If not approved, Skinz may not be able to get loan from the Credit Union or SBA or it would be a delay to try to obtain the money to pay EDAP off.

Motion was made by Stang to approve subordinating the land loan to the 5th position, but maintain the current collateral and recommend such to the City Council and Paynesville Township. Seconded by Wiese and unanimously carried (Stanley abstained).

The Economic Development Loan Agreement/Business Subsidy Agreement, Promissory Note, UCC Financing Statement, and Security Agreement for Skinz Protective Gear were presented.

Eckerly reported that Hawksworth's came to the EDAP Board meeting requesting a \$98,000.00 loan for 10 years with no balloon at 3.5% interest. Paynesville Township has already approved the loan. The loan is to purchase 3 new pieces of equipment so they can stop out-sourcing the jobs. They are also doubling their size of their building. The City would need to subordinate to the 5th position on the building; however, the City would still have the bakery building. They further plan to add three new full-time employees. The number of current employees was asked. Eckerly did not know. Spooner stated that they have 18 current employees and with 3 additional would make 21 employees. It was suggested to make changes to the document. It was stated that the 5th position on the building seems to be down the ladder a ways. Spooner interjected that the City is in last position on the real estate, but they are adding value to the building. The City is not worse off, but yes; further down the ladder. It was asked if Skinz is current on their loans. Eckerly said yes, they have always been current.

Motion was made by Bertram to approve the Economic Development Loan Agreement /Business Subsidy Agreement between the City of Paynesville, Paynesville Township, and Jeff & Tammy Hawksworth, Skinz Protective Gear; for

a loan in the amount of \$98,000.00 split between the City and Paynesville Township for 10 years with no balloon at 3.25%, plus .25% interest and collateral. With understanding an additional 3 jobs created within two years. Seconded by Zimmerman and unanimously carried.

Motion was made by Zimmerman to approve subordinating the land loan to the 5th position, but maintain the current collateral for Skinz Protective Gear. Seconded by Soine and unanimously carried.

Motion was made by Bertram to approve the Promissory Note, UCC Financing Statement, and Security Agreement between the City of Paynesville, Paynesville Township, and Jeff & Tammy Hawksworth, Skinz Protective Gear. Seconded by Zimmerman and unanimously carried.

Bertram requested a copy of the fully executed agreements.

INITIATIVE FOUNDATION – SUPPORT FOR BUSINESSES IMPACTED BY BYPASS GRANT

The Letter of Grant Agreement from the Initiative Foundation in the amount of \$5,000.00 was presented. This grant is to help with signage and advertising for businesses impacted by the bypass. Eckerly explained that the \$5,000.00 is for the Visioning Group for the website, mapping, and signage.

Motion was made by Soine to approve Grant Agreement between the City of Paynesville and the Initiative Foundation in the amount of \$5,000.00 and authorize the City Administrator to sign the document. Seconded by Zimmerman.

It was questioned if the money comes to the City, how is the money distributed and utilized. It was explained that the Visioning Group will decide how the money is spent. The fees are paid for first and then reimbursed.

It was asked if the Visioning Group has a defined membership. Eckerly said no, but sub-committees have been formed. This is not a formal City committee.

It was asked what would happen if a bill was paid and then not be reimbursable. Eckerly stated that all bills will be run through Dan Frank of the Initiative Foundation first, before being paid.

The motion unanimously carried.

LOAN FOR 2010 IMPROVEMENT DEBT FUND 545

The 2010 Improvement Debt Fund has a negative balance going into year-end which is not allowed. The county is to pay the City for the Minnie St. turnback and the City is to have the money by year end; however, it has not been received yet. It is in the process of being printed, but does not appear that it will be here by year end. Staff is requesting Council to loan \$115,000.00 from the Street – Sidewalk Capital Improvement Fund 120 to the 2010 Improvement Debt Fund 545. It will be paid back once monies are received from Stearns County.

Motion was made by Zimmerman to transfer \$115,000 from the Street – Sidewalk Capital Improvement Fund 120 to the 2010 Improvement Debt Fund 545 to be paid back once monies are received from Stearns County. Seconded by Soine and unanimously carried.

INFORMATIONAL

Thompson reviewed the following informational items: November Police Reports, January & February Meeting Schedule, Incident Command System (ICS) Training – Renee is planning on attending. Please contact Renee if you are interested in attending. Stantec Free Training – Please contact Renee if you are interested in attending. MorganStanley Investment Report, City Fee Schedule – Please review as it will be on the 1-9-13 agenda for discussion and action, if necessary. November Liquor Revenue & Expenses, Incode Financial Reports, City Attorney Report, and Capital Improvement Breakdown Report (emailed to Council) a copy can also be obtained from the accounting department at City Hall, and Service Awards – Brad Mehlhop, 5 Years and Bruce Elfering, 20 Years.

There being no further business, the meeting was adjourned at 6:28 p.m.

Renee Eckerly, City Administrator