

**MINUTES - BENSON CITY COUNCIL - REGULAR MEETING
JUNE 5, 2017**

The meeting was called to order at 5:30 p.m. by Mayor Landmark. Members present: Terri Collins, Jack Evenson, Gary Landmark, Stephanie Heinzig & Lucas Olson. Members Absent: None. Also present: City Manager Rob Wolfington, Director of Finance Glen Pederson, Police Chief Ian Hodge, Police Sergeant Paul Larson, Shelly Eldridge from Ehlers & Associates, Darin Ogdahl from Conway, Dueth and Schmiesing, Swift County Benson Health Services CEO Kurt Waldbillig, Benson Schools Superintendent Dennis Laumeyer, Swift County Commissioner Ed Pederson, Swift County Auditor Kim Saterbak, Swift County Manager Kelsey Baker, Swift County Assessor Wayne Knutson, Swift County Benson Health Services CFO Dan Enderson and Juan Reyes.

The Council recited the Pledge of Allegiance.

Mayor Landmark asked for any changes to the agenda. Wolfington added a gambling permit and asked to have items 6 & 12 changed to action items. It was moved by Evenson, seconded by Collins and carried unanimously to approve the agenda as amended.

It was moved by Evenson, seconded by Olson and carried unanimously to approve the following items on the Consent Agenda:

- May 15, 2017 City Council Minutes
- March 31, 2017 EDA Minutes
- February 21, 2017 Cemetery Board Minutes
- Public Works Report
- MRES Flooding Delay of Red Rock Hydroelectric Project
- MPCA – Municipal Permits, Standards & Costs
- League of Minnesota Cities 0% Dues Increase

The Mayor asked for people with unscheduled business to which there were none.

The Mayor opened the TIF Public Hearing at 5:32 p.m. Wolfington introduced Shelly Eldridge with Ehler's and Associates who is drawing up the Tax Increment Finance (TIF) District No. 7 in connection with the Swift County Benson Healthcare Services assisted living project. She stated the original draft was for 74 units with enhanced assisted living and memory care. She stated the number of units in the project is in flux right now. The tax increment is meant to capture value and additional taxes and when the project is built, it will repay the City for the infrastructure improvements needed for the project. Before the City obligates to the improvements, the Hospital needs to firm up their plan and establish a budget. This increment by law can run for 26 years, but can close early. The increment will be used on the five parcels where the project will be built. The project is a \$12 million project. She went on to discuss four ways to finance: bonding, cash, TIF and TIF and cash together. The TIF information went to the School Board and County Commissioners last week.

Councilmember Evenson offered the following resolution:

**RESOLUTION NO. 2017-10
RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING
DISTRICT NO. 7 .**

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

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 7 (the "TIF District") within Development District No. 4 (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, public utilities, streets and sidewalks, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$20,000 from the General Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid annually on each December 31 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the City Manager, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the City Manager, generated in the preceding twelve (12) months with respect to the property within the TIF District and remitted to the City by Swift County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. 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.

2.05. This 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 Available

Tax Increment pledged to the payment hereof under this resolution. This 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 this Interfund Loan or other costs incident hereto except out of Available 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 this 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 final Payment Date.

2.06. The City may amend the terms of this 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.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Councilmember Heinzig seconded the foregoing resolution and the following vote was recorded: AYES: Collins, Heinzig, Olson, Evenson, Landmark. NAYS: None. Thereupon the Mayor declared Resolution 2017-10 duly passed and adopted.

Councilmember Evenson offered the following resolution:

**RESOLUTION NO. 2017-11
RESOLUTION ESTABLISHING DEVELOPMENT DISTRICT NO. 4 AND
ADOPTING A DEVELOPMENT PROGRAM THEREFOR AND
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 7 THEREIN
AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.**

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

Section 1. Recitals.

1.01. It has been proposed by the City Council of the City of Benson (the "City") that the City establish Development District No. 4 (the "Project Area") and adopt a Development Program therefor (the "Development Program") and establish Tax Increment Financing District No. 7 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of Swift County and Independent School District No. 777 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Program and Plan by the City Planning Commission, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports

include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

Section 2. Findings for the Adoption and Approval of the Development Program.

2.01. The Council approves the Development Program, and specifically finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under this Development Program; (b) the Development Program will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise; and (c) that the Development Program conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 7.

3.01. The Council hereby finds that Tax Increment Financing District No. 7 is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Public Purpose.

4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide housing opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan.

5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Manager.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03. The Auditor of Swift County is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City 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 District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Manager is further authorized and directed to file a copy of the Program and Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

Councilmember Heinzig seconded the foregoing resolution and the following vote was recorded: AYES: Collins, Heinzig, Olson, Evenson, Landmark. NAYS: None. Thereupon the Mayor declared Resolution 2017-11 duly passed and adopted.

Next Baker approached the Council explaining while the Courthouse is under renovation, they will have trailers with county property as well as construction trailers on site, and is asking to close off the street south of the Courthouse from June 26, 2107 until construction in the Courthouse is finished, approximately February 2018. After discussion, it was moved by Collins, seconded by Heinzig and carried unanimously to allow closing off Idaho Avenue between 14th Street North and 15th Street North for the requested time.

It was moved by Evenson, seconded by Collins and carried unanimously to approve a gambling permit for the Chippewa Valley Chapter of the MN Deer Hunters Association for October 15, 2017.

Wolfington discussed the agreement with MnDOT for road construction through town. Currently asphalt is scheduled to start in July and will take one month to finish. In the agreement, MnDOT will lay sod in boulevards and areas where grass was disturbed. An alternative to this would be to hydro-seed instead. Wolfington said he feels this will be a better way to grow the grass as the sod will be laid in the hot days of August and may not survive. This would take a change in the agreement with the state. It was moved by Evenson, seconded by Collins and carried unanimously to approve the change order from sod to hydro-seeding. There was a pay request from MnDOT for the City's cost for participation in the project. It was moved by Collins, seconded by Evenson and carried unanimously to approve revised schedule "T" pay request in the amount of \$54,489.41.

Darrin Ogdahl with Conway, Dueth and Schmiesing presented the 2016 Annual Audit Report. It was moved by Evenson, seconded by Heinzig and carried unanimously to approve the 2016 Financial Audit.

Sergeant Larson approached the Council with two nuisance property reports. The first was 600 – 12th Street South. He reviewed the list of nuisance infractions. After reviewing pictures, it was the consensus of the Council the nuisance has been eliminated from this address. The next property is 402 – 12th Street South. Sergeant Larson reviewed a list of items needing to be cleaned up, along with pictures of the property today. The Council agreed much progress had been made but there is still some work to be done. After discussion, it was moved by Olson, seconded by Collins and carried unanimously to extend the deadline for the owner to clean up his property to June 19, 2017 so he can finish removing the debris from his yard.

Wolfington made a conference call to Jim Pearson with Xcel Energy to walk through State Legislation and the Governor's letter. He said the legislation passed and was signed into law. It is estimated it will take four years to complete closing of the Benson Power Plant. Money awarded from the RDF fund can only be used for economic development. The next step is to gain approval from the Public Utility Commission (PUC) to purchase Benson Power. He stated we will have a new contact person from Xcel that will work with us through the details of the plant closing. Once everything is approved, the City can see their first payment in 2018. Pearson stated it was helpful to have Wolfington at the legislature to help with questions. He also discussed the governor's letter.

Pearson went on to explain the RDF, which was established in 1994. \$900,000 a year per cask at the Prairie Island Nuclear facility has been set aside annually into the RDF. Currently, the amount of money in the fund exceeds the agreed upon amount. There is an excess of \$220 million.

Next was a letter from Human Services notifying the City the daycare facility at the school is zoned properly for a daycare center.

Wolfington said Patrick's Pub and Grill gave a donation to the Police to be used for the Bike Rodeo the next 2 years in the amount of \$2,000. The Council expressed their appreciation for the donation.

Chief Hodge approached the Council with the plans and specs for the Police Station. He presented change orders and addendums. After discussion, it was moved by Collins, seconded by Olson to approve plans and specs and going out for bids to be opened June 14, 2017.

Wolfington presented a memo from MRES stating the White House has released a detailed budget for fiscal 2018, which if fully implemented would balance the budget in 10 years. In the budget is a proposal to privatize the transmission assets of the Western, Bonneville and Southwestern power administration. He stated Mayor Landmark sent a letter to our Senators and House of Representatives in Washington opposing the privatization.

Next were two pay requests from Widseth, Smith, Nolting. The first was a pay request for the City Hall preliminary design. It was moved by Evenson, seconded by Heinzig and carried unanimously to approve the pay request in the amount of \$4,505. Next was a pay request for plans and specs for the Police Station Remodel project. It was moved by Evenson, seconded by Collins and carried unanimously to approve the pay request in the amount of \$34,737.50.

Wolfington discussed moving the City Council Meetings in July back to the second and fourth Mondays in July because of the 4th of July Holiday and in order to hold a meeting with Xcel Energy it would be necessary to move the dates. It was moved by Evenson, seconded by Heinzig and carried unanimously to approve changing the City Council Meetings to July 10, 2017 and July 24, 2017 at 5:30 p.m.

It was moved by Collins, seconded by Evenson and carried unanimously to adjourn the Council meeting at 6:46 p.m.

City Clerk

Mayor