

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA
JUNE 25, 2018

Pursuant to due call and notice thereof, a special meeting of the Council of the City of Fosston, Polk County Minnesota was held in council chambers on Monday, June 25, 2018 at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Dufault, Hoialmen, Veum and Anderson. Others in attendance were: Chuck Lucken, Cassie Heide, Dave Larson, Steven Lyseng, Amelia Linehan, James Juve, and Nicole Juve.

Mayor Offerdahl stated the purpose of the meeting was 5 agenda items.

Mayor Offerdahl explained that the first item on the agenda is considering the adoption of a resolution authorizing the purchase of real estate, the West End Mobile Court. Council has previously taken action to approve this purchase and a resolution is needed.

RESOLUTION NO. 18-22

At a special meeting of the City Council of the City of Fosston held the 25th day of June, 2018, Council Member Hoialmen offered the following Resolution which was seconded by Council Member Veum:

RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY

WHEREAS, the City of Fosston, Minnesota (“City”) has made an offer to purchase the following described real property (and attendant personal property), on which a mobile home park has been operated for many years:

Legal Description:

---Lot Six (6), Block Two (2), Saeter Addition to Fosston, according to the official plat thereof on file and of record in the office of the County Recorder in and for the County of Polk and State of Minnesota.

AND

That part of the Southwest Quarter of the Northeast Quarter (SW1/4NE1/4) and Government Lot Two (2) in Section Four (4), Township One Hundred Forty-seven (147), North of Range Forty (40), West of the Fifth Principal Meridian, County of Polk and State of Minnesota, described as follows: Commencing at a point 639.2 feet North of and 230 feet East of the center of said Section Four, which point shall be the point of beginning of the tract described herein; thence North 89 degrees 31’52” East, bearing assumed, parallel with the East-West quarter line of said

Section Four a distance of 733.66 feet to the intersection with the Southerly prolongation of the West line of Second Berge Addition to Fosston, Minnesota, according to the recorded Plat thereof; thence North 00 degrees 32' East, along said West line, parallel with the North-South quarter line a distance of 84.34 feet; thence West along the South boundary of 8th Street West a distance of 335.01 feet; thence North along the West boundary of Northwood Avenue a distance of 630.19 feet; thence West along the South boundary of 9th Street West a distance of 563.65 feet; thence South and parallel with the North-South quarter line of said Section Four a distance of 582.53 feet; thence East and parallel with the East-West quarter line of said Section Four a distance of 165 feet; thence South and parallel with the North-South quarter line a distance of 132 feet to the point of beginning.---

("Land"); and

WHEREAS, the City has given consideration to the purchase of the Land and the purchase price of \$510,000.00; and

WHEREAS, the City has determined that the management and operation of the mobile home park on the Land has historically been poor and that the City's purchase of the Land and subsequent operation of the mobile home park will promote public safety, health, and general welfare; and

WHEREAS, a recent survey found that many of the units in the mobile home park are in very poor condition and in violation of the City zoning ordinance; and

WHEREAS, it is a goal in the Comprehensive Plan to promote a continuum of housing for all economic levels by increasing housing choices to accommodate the needs of all current and future residents; and

WHEREAS, it is a goal in the Comprehensive Plan to encourage the development of multifamily housing and identifies vacant land adjacent to the mobile home park for the development of additional multifamily units; and

WHEREAS, the City has determined the acquisition of the Land and the operation of the mobile home park will accomplish a land use goal in the Comprehensive Plan by enhancing the community's character and appearance;

WHEREAS, the City has also determined that acquisition of the Land promotes and compliments its future land use planning; and

WHEREAS, it is in the best interest of the City to purchase the Land from Park Core LLP, a limited liability partnership organized existing under the laws of the State of North Dakota, for the amount of \$510,000.00, including the personal property associated with operation of the mobile home park;

WHEREAS, Minnesota Statutes, Section 412.211 provide that the City may purchase real property of the City as it so requires.

NOW, THEREFORE, IT IS RESOLVED by the City Council as follows:

1. That the City's decision to purchase the Land from Park Core LLP, a limited liability partnership organized existing under the laws of the State of North Dakota, for the amount of \$510,000.00, including the personal property associated with operation of the mobile home park, is ratified and approved; and

2. That the Mayor and the City Administrator are authorized and directed to sign and deliver any and all documents and funds to the Park Core LLP to effectuate the purchase of the Land and personal property and any such document which was previously signed and delivered is hereby ratified and approved.

Upon the call of ayes and nays the vote stood as follows: affirmed.

Council Members voting in the affirmative: Hoailmen, Veum, Dufault, Anderson, and Offerdahl.

Council Members voting in the negative: none.

Upon this vote, this resolution passed and is effective this 25th day of June, 2018.

James Offerdahl, Mayor

Attest:

Charles Lucken, City Administrator

Administrator Lucken reported that the FEDA board met last week and considered an offer from Stephenie Anderson of Northern Woolen Mills to release her home as collateral for payment of \$200,000 to Ultima Bank Minnesota. The FEDA board voted to release the mortgage on Stephenie Anderson's home subject to the following conditions: A payment of \$200,000 to Ultima Bank is made, a \$6,000 payment on the City of Fosston IRP loan is made, and the City will suspend the foreclosure action for three months to allow Anderson time to sell the building and equipment. If the assets are not sold within three months, the City will resume foreclosure action. Council discussed this proposal and believes that this is an acceptable offer. Member Dufault made a motion, seconded by Veum to accept the offer under the same stipulations FEDA has outlined. Motion carried by unanimous vote.

Council considered approval of revisions to 2018 pay step structure, revised organization chart and revised Assistant City Administrator position description. Offerdahl informed the council that vice Mayor Dufault, Administrator Lucken, and himself have met on a few occasions to

discuss the increased duties that Cassie will have as Assistant City Administrator when Chuck semi retires at the end of this month. Chuck will retain his title as City Administrator, but Cassie will have authority in Chuck's absence and will be in the process of learning more about the role of City Administrator. They discussed how to make it equitable for the extra duties and how to compensate for that. A recommendation of moving the Assistant City Administrator pay grade from a 10 to a 12 and remain on the same pay step of 7 in that new pay grade was made. Lucken revised the organization chart to show that Assistant City Administrator is directly under the City Administrator and is the person to report to in the absence of the City Administrator or at the direction of the City Administrator. The revised City Administrator position was furnished to each member. Changes included language that "*organizational supervision is exercised over all personnel within the organization in the absence of the City Administrator or at the direction of the City Administrator*". Member Dufault reported that Cassie will have some job duties that she will be able to give to the other staff in the office so that her work load is not too much. Cassie will continue to review her work load and appropriately delegate extra duties to office staff.

A motion was made by Anderson, seconded by Dufault to approve the revision to the 2018 pay step structure, revised organization chart and revised Assistant City Administrator position description. Motion carried by unanimous vote.

Council considered adoption of a resolution establishing an Inter-Fund loan for the purchase of the West End Mobile Court. Administrator Lucken reported that the purchase of the mobile home court includes the land, three trailers and vacant lots east of Northwood Avenue, as well as a garage. Member Dufault inquired if the City has any other Inter-Fund loans. Lucken reported that the City has several and it is at the recommendation of our auditors that we do this type of financing when able to. Lucken further reported that the HRA has agreed to loan the City \$51,000 at zero percent interest for ten years.

Member Veum introduced the following resolution and moved its adoption:

CITY OF FOSSTON
RESOLUTION NO. 18-23

**A RESOLUTION ESTABLISHING AN INTER-FUND LOAN FOR THE
PURCHASE OF THE WEST END MOBILE COURT**

WHEREAS, on June 25, 2018 the City Council approved the purchase of the "West End Mobile Court" through the adoption of a Resolution; and,

WHEREAS, the City is in need of financing this project in the amount of approximately \$510,000.00 for the purchase of the West End Mobile Court; and,

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Fosston, Minnesota, as follows:

1. Inter-Fund Loan Established. An inter-fund loan (the "Loan") is hereby established in the amount of \$510,000.00 with funds to be allocated in the West End Mobile Court

Fund as of the Effective Date.

2. Effective Date. The loan shall be effective as of June 29, 2018 (the “Effective Date”).
3. Sources of Loan Funds. The source of funds for the Loan (the “Source Fund”) shall be from Fund #604, referred to as the Electric Fund, in the amount of approximately \$510,000.00.
4. Interest Rate and Accrual. The *West End Mobile Court* shall accrue interest expense to be repaid with principal at a simple interest rate of 3.00%. The interest shall accrue from the Effective Date until the Repayment date of the Loan, or in the case of partial Prepayments the interest shall accrue on that portion so prepaid until such Prepayment date. Interest payments shall be allocated to the Source Funds in accordance with the respective share of the total principal amount of the Loan of each individual Source Fund.
5. Loan Repayment. The Loan shall be repaid on June 29, 2038 (the “Repayment”). Notwithstanding, the City shall retain the authority to prepay all or a portion of the Loan at any time during the Loan period (a “Prepayment”). Such Repayment or Prepayment shall be conducted by resolution of the City Council. Principal and interest Repayment or Prepayments shall be allocated to the Source Funds on a proportionate manner
6. Authority to Take-Out Loan. The City shall retain full authority to take-out the Loan through other permitted means of financing; including, but not limited to, the issuance of General Obligation Revenue debt.

The motion for the adoption of the foregoing motion was duly seconded by member Hoialmen and upon vote being taken thereon the following voted in favor thereof: Veum, Hoialmen, Anderson, Dufault, and Offerdahl.

And the following voted against same: none.

Whereupon said resolution was PASSED AND ADOPTED by the City Council of the City of Fosston, Minnesota, this 25th Day of June, 2018.

SIGNED:

WITNESSED:

James Offerdahl, Mayor

Charles Lucken, City Administrator

Council reviewed quotes for demolition and removal of Aspen property and buildings. Mayor Offerdahl opened the sealed quotes and reported the following: For the demolition of residential farm buildings, hauling demolition debris to an approved MPCA landfill, removal and disposal of concrete foundations, and disposal fees for debris at MPCA approved landfill two quotes were received. A quote from Hagen Construction and Trucking for the above described work was in

the amount of \$18,750.00. A quote from Lenex Sand and Gravel for the above described work was in the amount of \$33,200.00. Director of Public Works Dave Larson reported that he spoke with both contractors that provided quotes and informed them that the timeline for completion would be before the road gets torn out by our street improvement project contractors. It was the consensus of the council that a deadline needs to be put on this work. It was decided that the work needs to be done by July 15th. James and Nicole Juve were present and reported to the council that they are ready to begin construction on or around the 5th of July. Larson will make sure the contractor who receives the bid will begin the demolition process on the piece of land that Juve's are purchasing and building on. Member Dufault inquired if there would be legal ramifications for awarding another contract to a contractor we are in a legal dispute with. Lucken will check with our City attorney.

A motion was made by Hoailmen, seconded by Veum to award the contract to the apparent low bidder, Hagen Construction and Trucking, contingent upon Hagen agreeing to the completion deadline of July 15th, and contingent upon City Attorney advising that the contract award does not conflict with ongoing litigation between the City of Fosston and Hagen Construction and Trucking. Motion carried by unanimous vote.

There being no further business to come before the council a motion was made by Veum, seconded by Dufault to adjourn the meeting. Motion carried by unanimous vote.

Charles Lucken, City Administrator