

September 11, 2018

The Pledge of Allegiance was said.

Observed a moment of silence for Sept 11th.

The regular meeting of the City Council of the City of Sleepy Eye was held in the Council Chambers, 200 Main Street East, Sleepy Eye, MN at 7 p.m. on the 11th day of September 2018 per due all and notice. Mayor Wayne Pelzel and Councilors Richard Zinniel, Nathan Stevermer, Douglas Pelzel, Joann Schmidt and Larry Braun were present. Also present were City Manager Mark Kober, City Attorney Alissa Fischer, Engineer Shawn Luker, Public Works Director Bob Elston, Police Chief Matt Andes, EDA Director Kurk Kramer and City Clerk Linda Tiedeken.

Councilor Zinniel moved to approve the minutes of the July 30, 2018 special meeting and August 16, 2018 regular meeting. Councilor Braun seconded the motion and the motion carried.

Mayor Pelzel discussed setting the Truth in Taxation Hearing during the December 11th regular council meeting. Councilor Pelzel moved to set the Truth in Taxation Hearing on December 11, 2018 regular council meeting. Councilor Stevermer seconded the motion and the motion carried.

City Manager Kober discussed how the preliminary budget process works with each department. Two major areas of the besides inflation 2019 preliminary budget are transfers and street expenses. \$115,000 will be dedicated to streets budget. Transfers to EDA Fund for downtown improvements. The levy of 11.74% set now could be lowered in December but not increased. Tax levy is 1.3 million with a spending increase of 3.3% without the police project. City Manager Kober did a comparison with 20 to 30 other communities close to our size and found that our city has the lowest tax rate. Operationally the budget is very similar to a year ago and will try to get it down to 8-9% by December. Debt service and routine expenses for streets is \$700,000. \$100,000 will cover only one block cost in the 2020 project. Council Pelzel moved to accept the preliminary budget and tax levy for 2019. Councilor Zinniel seconded the motion and the motion carried.

City Attorney Fischer reported on the following:

- A. Discussed the property located at 105 7th Ave NE deemed hazardous by the building inspector and fire department. Fire Chief Zinniel said action needs to be taken. Property owner has been given 30 days to repair or correct the items listed in the letter dated August 20, 2018, then another 30 days to remove personal property and tear down the building. A follow-up inspection was done on September 4th and no repairs had been made to the home. Councilor Zinniel moved to approve the following resolution ordering the razing of a hazardous building located at 105 7th Avenue NE.

RESOLUTION NO. 9-18

A RESOLUTION ORDERING THE RAZING OF A HAZARDOUS BUILDING LOCATED AT 105 7TH AVENUE NE

WHEREAS, pursuant to Minn. Stat. §§ 463.15 and 463.261, the City Council of Sleepy Eye finds the building located at 105 7th Avenue NE, Sleepy Eye, to be a hazardous building for the following reasons:

1. No smoke detectors in any bedrooms

2. No carbon monoxide detector in house
3. Non-operable egress windows in bedrooms
4. Only one functional door to the exterior
5. Bathroom/bathing facilities not functional
6. Non-functional hot water heater
7. Roof leaking in numerous places
8. Sheetrock and insulation missing in ceiling
9. Overgrown shrubbery against house making windows inaccessible to fire department
10. Rear deck on verge of collapse, no guardrails
11. Raw sewage on basement floor from sewer backup
12. Mold indicated throughout house
13. Mice infestation according to resident
14. Roof covering needs to be replaced
15. Front deck area floors need repair
16. Trash throughout house creating potential fire hazard

WHEREAS, the conditions listed above are more fully documented in the Building Inspector's Report prepared by Bernie Wenner on September 5, 2018, a copy of which is attached to this resolution as Exhibit A.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SLEEPY EYE, MINNESOTA AS FOLLOWS:

1. That pursuant to the foregoing findings and in accordance with Minn. Stat. §§ 463.15 and 463.261, the council orders the record owners of the above hazardous building or their representatives to make the following corrections on the property at 105 7th Avenue NE:
 - a. No smoke detectors in any bedrooms
 - b. No carbon monoxide detector in house
 - c. Non-operable egress windows in bedrooms
 - d. Only one functional door to the exterior
 - e. Bathroom/bathing facilities not functional
 - f. Non-functional hot water heater
 - g. Roof leaking in numerous places
 - h. Sheetrock and insulation missing in ceiling
 - i. Overgrown shrubbery against house making windows inaccessible to fire department
 - j. Rear deck on verge of collapse, no guardrails
 - k. Raw sewage on basement floor from sewer backup
 - l. Mold indicated throughout house
 - m. Mice infestation according to resident
 - n. Roof covering needs to be replaced
 - o. Front deck area floors need repair
 - p. Trash throughout house creating potential fire hazard

2. That the repairs listed above must all be made within 30 days after the order is served upon the property owner. The repairs must be completed in compliance with all applicable codes and regulations, pursuant to proper permits from the city.
3. That if repairs are not made within the time provided in paragraph 2, the building is ordered to be razed, the foundations filled, and the property left free of debris, in compliance with all applicable codes and regulations, pursuant to proper permits from the city. This must be completed within 30 days after the initial time period provided in paragraph 2 has expired.
4. That a motion for summary enforcement of the order will be made to the District Court of Brown County in which the hazardous building or property is situated unless corrective action is taken, or unless an answer is filed within the time specified in Minn. Stat. § 463.18, which is 20 days.
5. That in accordance with Minn. Stat. § 463.24, the owner or occupant must remove all personal property and/or fixtures that will reasonably interfere with the work within 30 days. If the property and/or fixtures are not removed and the city enforces this order, the city may sell personal property, fixtures, and/or salvage materials at a public auction after three days posted notice.
6. That if the city must take actions to enforce this order, all enforcement costs will be specially assessed against the property and collected in accordance with Minn. Stat. §§ 463.22, 463.161, and 463.21.
7. That the city attorney is authorized to serve this order upon the owner of the premises at 105 7th Avenue NE, Sleepy Eye, and all lien-holders of record.
8. That the city attorney is authorized to proceed with the enforcement of this order as provided in Minn. Stat. §§ 463.15 and 463.261.

Passed by the City Council of Sleepy Eye, Minnesota this 11th day of September, 2018.

Attested:

Mayor

City Clerk

Councilor Pelzel seconded the motion and the motion carried.

- B. Called for the second reading of Ordinance No.145, Second Series, An Ordinance Annexing Property to be Platted as Todnem Addition. Councilor Schmidt moved to approve Ordinance No. 145 as stated. Councilor Stevermer seconded the motion and the motion carried.
- C. Called for the second reading of Ordinance No.146, Second Series, An Ordinance Establishing Todnem Addition. Councilor Zinniel moved to approve Ordinance No. 146 as stated. Councilor Schmid seconded the and the motion carried.
- D. Reported that the Blight committee asked for a clarification of front yard parking. After discussion the item was tabled until a working session can meet and review the issue.

E. Council member training on Monday, September 17, 2018 at 5:30 p.m.

Councilor Schmidt moved to approve the following resolution to reimburse the city for the City Building Renovation Project expense paid prior to the issuance of bonds. Councilor Zinniel seconded the motion and the motion carried.

RESOLUTION NO. 10-18
RESOLUTION ESTABLISHING PROCEDURES
RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND
REGULATIONS UNDER THE INTERNAL REVENUE CODE

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

1. Recitals.

(a) The Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (as the same may be amended or supplemented, the "Regulations"), dealing with "reimbursement bond" proceeds, being proceeds of bonds used to reimburse the City for any project expenditure paid by the City prior to the time of the issuance of those bonds.

(b) The Regulations generally require that the City (as the issuer of or the primary obligor under the bonds) make a declaration of intent to reimburse itself for such prior expenditures out of the proceeds of subsequently issued bonds, that such declaration be made not later than 60 days after the expenditure is actually paid, and that the bonding occur and the written reimbursement allocation be made from the proceeds of such bonds within 18 months after the later of (1) the date of payment of the expenditure or (2) the date the project is placed in service (but in no event more than 3 years after actual payment).

(c) The City heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations.

(d) The City's bond counsel has advised the City that the Regulations do not apply, and hence the provisions of this Resolution are intended to have no application, to payments of City project costs first made by the City out of the proceeds of bonds issued prior to the date of such payments.

2. Official Intent Declaration. The Regulations, in the situations in which they apply, require the City to have declared an official intent (the "Declaration") to reimburse itself for previously paid project expenditures out of the proceeds of subsequently issued bonds. The Council hereby authorizes the Manager to make the City's Declarations or to delegate from time to time that responsibility to other appropriate City employees. Each Declaration shall comply with the requirements of the Regulations, including without limitation the following:

(a) Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state that the City reasonably expects to reimburse itself for the expenditure out of the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

(b) Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.

(c) Care shall be taken so that the City, or its authorized representatives under this Resolution, not make Declarations in cases where the City doesn't reasonably expect that reimbursement bonds will be issued to finance the subject project costs, and the City officials are hereby authorized to consult with bond counsel to the City concerning the requirements of the Regulations and their application in particular circumstances.

(d) The Council shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the City has made Declarations.

3. Reimbursement Allocations. If the City is acting as the issuer of the reimbursement bonds, the designated City officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the City's use of the applicable bond proceeds to reimburse the original expenditures.

4. Effect. This Resolution shall amend and supplement all prior resolutions and/or procedures adopted by the City for compliance with the Regulations (or their predecessor versions), and, henceforth, in the event of any inconsistency, the provisions of this Resolution shall apply and govern.

Adopted this 11th day of September, 2018, by the Sleepy Eye City Council.

EXHIBIT A

Declaration of Official Intent

The undersigned, being the duly appointed and acting Manager of the City of Sleepy Eye, Minnesota (the "City"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the City as follows:

1. The undersigned has been and is on the date hereof duly authorized by the Sleepy Eye City Council to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the City.

2. This Declaration relates to the following project, property or program (the "Project") and the costs thereof to be financed:

- City Hall / Police Station Remodel

3. The City reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Bonds") to be issued after the date of payment of such costs. As of the date hereof, the City reasonably expects that \$800,000 is the maximum principal amount of the Bonds which will be issued to finance the Project.

4. Each expenditure to be reimbursed from the Bonds is or will be a capital expenditure or a cost of issuance, or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Regulations.

5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: September 11, 2018

Manager

City of Sleepy Eye, Minnesota

Councilor Zinniel seconded the motion and the motion carried.

Councilor Stevermer moved to not object to Knights of Columbus application for an exempt gambling permit for January 14, 2019 at St. Mary's Church, 636 1st Ave N. Councilor Braun seconded the motion and the motion carried.

Sara Hornbrook presented the blight committee report. The committee is focusing on six buildings on Main Street and have contacted the owners and some work is currently being done. After the first six have started, another five or six will be contacted. The blight committee will keep moving forward.

Shawn Luker from Bolton and Menk Inc. presented the City Engineer's report:

- A. 2019 Hwy 14 Project. Project is all most complete except for some curb boxes that need to be completed. City Electric Dept. has finished RRFB at Hwy 4 and St. Mary's Street intersection. Traffic signals on Hwy 4 and 14 will be finished by September 20, 2018. Some manhole covers and sidewalk areas where water is pooling are being fixed. Sidewalks by First Security and C & S Heating are being repaired. Resident complaints on the wider sidewalks and more lanes on Main Street results in less room for getting out of parked vehicles. Residents should give written comments or complaints to the city and they will be given to MnDOT.
- B. 2020 Project: Preliminary assessment roll for the 13 priority segments should be completed in November or December. Preliminary hearing will be in January.
- C. Airport Seal Coat Project: Farmer Asphalt from Eau Claire, WI has removed pavement markings, sealed cracks, seal coated with oil and fine sand, and remarked the pavement. All the work was completed August 20 thru 24. Total construction cost was \$30,531.00 and will apply for MnDot Aeronautics reimbursement. The airport CIP (capital improvement plan) will be updated in October.
- D. 12th Avenue NE and St. Mary's Street Project. DEED grant of \$985,000 will be committed once the right away easements and plans are ready. Project partners contacted are Canadian and Pacific Railroad to provide updated agreements and check into other funds available through MnDOT, Schieffert Farms to agree on plat and easement layout, Home Cemetery has requested the 66 foot right of way be marked, Roger Marti discussed the need for an easement for a storm pipe outlet and Central Region Coop has deeded over the 25 foot strip of land on the south side of the railroad tracks. The next steps will be to have a meeting with land owners and city staff and asked for authorization to do a survey of the area in October after the crops have been harvested, conduct preliminary improvement hearing for assessment purposes and design, and the city to authorize preparation of plans. In 2019 the railroad will relocate the switch and construct the planks and crossing signal and in 2020-2021 street and utilities will be constructed. The City and Brown County have been contacted by MnDOT about the previously submitted LRID application improvement program and the MnDOT is looking at having another 35 million allocated and confirming if the location remains in Brown County. Entire project will cost \$3.5 million. DEED grant is \$985,000 and the LRID grant would provide another third of the remaining balance.
- E. 12th Avenue SE. Plans and specifications are ready. Specs have until May 31st, 2019 to be completed and the date could be adjusted if necessary. Engineers estimate is \$88,000 for the project.
- F. Gravel alley by Jani property east of 7th Avenue SW has been staked and completed. City Manager Kober reported on the following:
 - A. Rental Inspections. The current ordinance needs to be updated along with fees. Meeting with property owners is the biggest challenge because they did not keep the appointments for the inspections.
 - B. Regional meetings. Set dates for meetings in Mankato and Marshall.
 - C. City Hall Renovation Project update. The footings have been dug and will be pricing the removal of 30 inches of black dirt and replace with gravel or pour a thicker cement garage floor. There is an allowance for soil conditions. The inside of the liquor store is gutted.

D. Park and Recreation Director Steve Lingen was present to discuss the low area on the south softball field plan. Matt Mathiowetz proposed 8-inch tile behind field along with four intakes for any surface water. Also, would add two inches of ag line over both fields and cut off 10 feet of lip line and add some sod. Mathiowetz proposed \$46,025 for the improvement. Authorize another bid before a final decision.

Miscellaneous correspondence was included in the agenda packets.

Police Chief Andes presented quotes to replace the 2005 Ford Expedition squad with a 2019 Ford F150 4-door Pickup Police Responder for \$39,200 along with squad equipment and spray in bed liner. Councilor Schmidt moved to approve the purchase of the 2019 Ford F150 for \$39,200 along with squad equipment of \$10,455.00 and spray in bed liner of \$595.00.

Councilor Pelzel seconded the motion and the motion carried.

Councilor Schmidt moved to approve the August Police report and August cash balances. Councilor Stevermer seconded the motion and the motion carried.

Councilor Pelzel moved to approve and allow the payment of the monthly bills of \$830,333.27 as presented. Councilor Schmidt seconded the motion and the motion carried.

The meeting was properly adjourned at 8:57 p.m.

Wayne Pelzel, Mayor

Linda Tiedeken, City Clerk