

EAST BETHEL CITY COUNCIL MEETING

November 20, 2013

The East Bethel City Council met on November 20, 2013 at 7:30 PM for their regular meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Ron Koller Richard Lawrence
 Heidi Moegerle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney
 Craig Jochum, City Engineer

Call to Order **The November 20, 2013 City Council meeting was called to order by Mayor Lawrence at 7:30 PM.**

Adopt Agenda **Ronning made a motion to adopt the November 20, 2013 City Council agenda. Moegerle seconded; all in favor, motion carries.**

Special Order of Business – 2010B Bond Refunding Presentation Davis explained that the City has continued to explore opportunities to use our 2010 A & B bond surplus funds to pay down either or both the 2010 A & B bonds to make them more attractive for a refunding opportunity. Ehlers, the City's Financial Consultant, presented an option for refinancing the 2010 B bond at our HRA meeting on October 2, 2013 and this was tabled at that time due to our concerns regarding:

- The potential need to keep these funds in the short term to address any potential change order costs for the Castle Towers Project and the shared cost with MCES for the force main to 229th Avenue;
- The potential for the use of these funds for additional infrastructure projects that were discussed at the above mentioned meeting; and
- The need for additional time to evaluate the proposal.

We have continued examining the potential to pay down the bond debt with our fund balance for refinancing purposes. We have had numerous conversations with Ehlers, Dorsey and Whitney and Eckberg Lammers as to our options and to the tax interpretations in this matter. The issue of a reconsideration of refinancing the 2010 A & B Bonds has been an uninterrupted effort by Ehlers and Staff since June and we now have another refinancing proposal for 2010 B Bonds (BAB's) for consideration.

While we did not consider the proposed refunding on October 2, 2013 due to the considerations listed above, we now have additional information that may influence our reconsideration of the latest bond run that will be presented by Ehlers at November 20th meeting. This new information is as follows:

1. While it is still possible that we could experience change orders to the Castle Towers/Whispering Aspens Project, that likelihood has been reduced (not eliminated) due to the stage of project completion and the fact that no change orders have been requested to date;
2. If we use our fund balance for refunding purposes and should additional infrastructure projects present themselves, these projects could be financed with new debt at a potentially reduced rates then our current bond interest;
3. There is ample time to analyze this new proposal from Ehlers; and
4. The cost savings between the current refunding proposal for 2010 B debt service and the previous proposal on October 2, 2013 is an additional amount of approximately

\$111,202. The majority of the savings would be received in reduced debt service in the years 2016 through 2020 to address the impact of the due dates of the 2010 C Bond (2016 and 2017) and the beginning of interest payments in 2018. Refunding this bond would eliminate the bond's exposure to federal tax credits and the potential for reductions in that credit in future years.

The 2010 A (RZED's), even with an analysis of a buy down of a portion of the debt, did not produce positive savings. However, these bonds could be refunded at a future date if market conditions improve to the point that interest rates decline to make this refunding more attractive. It is still a critical goal to achieve some type of positive savings refunding of this bond and remove ourselves from the threat and implications of federal tax credit manipulations and cuts that could be implemented annually as we proceed through the term of this bond.

At this time, Stacy Kvilvang with Ehlers will present a pre-sale report on the 2010 proposed B Bond refunding.

Stacy Kvilvang of Ehlers and Associates, "I am just going to go through a little background and how we got to where we are today. First of all we are looking at refinancing the 2010 B, Build America Bonds in the amount of \$5,525,000. We did review options to refinance both the 2010 A and B Bonds. The maximum unspent proceeds you have available is about \$1,200,000. About \$670,000 is unspent and not programmed for anything. The other \$540,000 is being used to decommission some of your sewer systems and a couple other things. So, we had about \$1,200,000 to work with to do the 2010 A & B. But, if we go back to the objectives you had for refinancing, it was to get out of the uncertainty of the federal credits. That was one goal. The second was to maximize savings in the earlier years, one to allow time for development to happen (to get more sewer and water connections) and two, to address the 2010 C bonds. And, bottom line was to have a positive savings overall. We looked at a couple options that yes, we could achieve some positive savings in the early years, but then it was negative in the later years, and that didn't seem palliative to this Council. So, again, the goal was to make sure that every year going forward we had some significant savings upfront and also positive savings in the later years."

"The First option looked at was to refinance both the 2010 A & B bonds. These would be non-bank qualified because they are over \$10,000,000. They are about \$17,000,000. You have got about \$11,125,000 for the Recovery Zone bonds (RZEB) and almost \$6,000,000 for the Build America bonds (BAB). When we go in and do the analysis, as you may recall, on the BAB you get a 35% rebate and on the RZEB you get a 45% rebate. So, what we looked at first is how much savings you would need to achieve on the BAB bonds. How much cash would you have to bring to the table to achieve the savings and that was about \$400,000. And that positive savings was very minimal, about \$56,000 over the term of the bond. Then we wanted to see what we had available for the RZEB Bonds. That would have been about \$800,000 that was available. We would need \$1,200,000 for the RZEB just to break even. If you combined both you had a break even in savings, but you were out from under the feds. In 2015 you have a negative, in 2016 you had some savings, but then in future years again you went into the negatives. So, that is why at the end of the day it was a negative when doing a combination. The big factor is these are non-bank qualified. So, the base points are 15 points higher than what they would be on a bank deal. So, we looked at that and said trying to refinance both of them, we just don't have enough cash available to make it work and meet some of your goals and objectives."

“So then we looked at Options 2 and 3, which are bringing the \$1,200,000 to refinance the BAB bonds. And, then what we would do for the work that you had left to do for the \$540,000 we would issue new bonds. This is thinking we could have a shorter term and cheaper rates on that new money and how would that work out. Would it be to the benefit of the City? The other option if that didn’t work would be to bring the \$670,000 that you have available to refinance the BAB bonds and use the existing \$540,000 for the projects that you have planned as well.”

“With the Option 2 analysis you would issue about \$5,700,000 in bonds. It is \$5,100,000 to refinance the BABs and \$550,000 in new money. The savings overall is about \$12,000. This is if you brought \$1,200,000 in cash. You have some positives in 2015, then some negatives in 2018 and there is really no impact. Because really, that new money was only for ten years. The reason you are seeing the negatives here is you had the initial financing that you have the debt service on, so this is really accounting for the new debt service for the new money portion that you are bringing on.”

Moegerle, “Why is that weighted so early and heavily in the front? Why isn’t there something worked up where the savings is evenly across the time? Those 27 years?” Kvilvang, “If we go back to those objectives, it was to try and get as much savings as we could in the early years. So in the first five years to allow for more utility hook-ups or development to happen, that you would have that available. That is why we have run this in that sense. Also, the goal was cash today is always better than cash tomorrow. More savings today is always better than savings in the future. So, in discussions with staff and we looked at the savings of \$12,000 does it really make sense to issue new debt. And it really didn’t make sense to issue new debt for that amount.”

“So, that takes us to Option 3 which is just refinancing the Build America bonds. That is bringing the \$670,000 in cash that you have currently available to you. In 2015 you have some savings, in 2016 to 2020 pretty significant savings and from then on, about a break even or very minimal savings. About \$1,300,000 in savings. In your presale report we will do a calculation of savings and once you include your cash that you are bringing your savings becomes about \$427,000.”

“With regards to the sale details, it would be a refinancing of the 2010 B bonds. Refinancing of \$5,525,000. It is being issued under Chapter 444 and 475. Chapter 444 is your utility bond financing that you have. That means you are financing these bonds and paying these through your utility fees and connection fees. If those aren’t adequate on a temporary basis, you have the ability on a temporary basis to issue a tax levy to pay for it. As discussed, the overall savings is \$1,300,000 with your cash you are bringing to the table it is \$427,000. It is callable in 2023 and it is bank qualified.”

Moegerle, “I realize one of our goals was to save money up front, but I think we need to see other options than this. One of the reasons is we were sold an infrastructure project and we only saw one model. We took one model, we asked questions about that model, but we didn’t know what other alternatives were out there. And, while Option 3 is something we might ultimately go with, I think we need to be very careful. Because if we backload the debt, with the savings upfront (obviously we have issues in 2016, 2018 and 2020) then if in 2020 or later the City Council then goes back and refunds these then the \$1,300,000 savings goes away. Because we have put them in a bind. I would rather not revisit this and would like to make a really good decision informed on a lot of issues across the board. So, I think we need to see the math. In school, in math class, if you got the right answer, you had to

show how you got there. I know we have been told these other things aren't going to work, I think if we looked at other options it would be a good idea. Better to see the math and confirm not only for ourselves but for our residents to show we did our due diligence."

"Second, I am very concerned about the executive summary. There are a couple things. Some of it is, I would ask for clarification just for the residents. The biggest one is what is the use of the executive summary? How is this used? Is it a document that is used for sales?" Kvilvang, "The presale report?" Moegerle, "I have a document that says, "The Executive Summary of Proposed Debt. Page 7 of 90 in our packet. Yes, it is also the Presale Report." Kvilvang, "The purpose of our Presale Report we put together is to put together information for the Council as you move forward based upon your decisions. Some of key elements that you need to be aware of are rating, what your risks are, what arbitrage responsibilities are, if it is bank qualified." Moegerle, "Does this have any force of the law? Can we be sued based on the truth or veracity of this? Because there are some false statements in here, and I am really unhappy about it." Kvilvang, "If there are false statements in there, I would more than happy to correct them."

Moegerle, "And that goes with regard to Risk Factors. It says, "The city expects to pay the majority of the debt service with utility funds." We know we can't pay it with utility funds, it is going to primarily come for the levy funds for the foreseeable future and maybe beyond. So, I really object to the "Risk Factors" are the City expects to pay the majority of the debt service with utility funds. I think the fact is that we pay first with utility funds and then after with general funds. Then the final sentence under Current Refunding. "This refunding is being based in part on an assumption that the City does not expect to have future revenues to pay off this debt and that market conditions warrant the refinancing at this time. If you are talking about future revenue from utilities, then it is at odds with the utility statement. If you are not talking about revenue statements and if you are talking about money from taxpayers, well we always have that. I am really concerned about misstatements under Risk Factors, can you help?"

Kvilvang, "I don't see those as being misstatements in there. Your authority in which you are issuing these bonds is Statutes 444 and 475 with the expectation that it will be utility funds that will be paying this in the future. We know that currently those funds may be insufficient and you may have to use the levy tax to pay for it. Which you have the authority to do under the statutes. With regards to the statement about future cash we don't anticipate and we don't think you anticipate that you are going to have a lot of dollars in your utility funds to refinance this. It is not talking about a general levy to come and finance it at that time." Moegerle, "That is exactly my problem under Utility Revenue The statement says, "The City expects to pay the majority of the debt service with utility funds. That is just not true, is it?"

DeRoche, "Can we get a legal opinion on this?" Vierling, "What is the question?" Lawrence, "Let Heidi finish her talk here." Moegerle, "We don't have enough customers to pay for this debt with utility funds. How can we be saying that we expect to pay the majority of the debt service with utility funds? I don't see how this is possibly true with everything we have talked about here. We will be paying for it with levy, not utility funds." Vierling, "The genesis of the obligation is that they are primarily authorized with 444 and 475. So, really you are continuing that authorization."

Moegerle, "Isn't it a legal fiction?" Vierling, "That is a matter of opinion. The fact of the matter is whether you agree with it or not, that is the authority under which they were sold.

Whether it was fiction or reality or someone's expectation or good faith, whatever the case may be, that is what they were sold under. Really you are not changing that authority, is really in essence what you are saying here, that you are still selling these under these two statutes. Primarily whether you feel you can make it or not, is certainly a valid point. The issue is, however, when you put it out there that you are doing this under the authority of 444 and 475 as the primary legal source of the obligation being paid. Perhaps not the volume of the obligation, but it is out there. It is a matter of history, it is already there. In terms of if you are not comfortable with the statement in the obligation, certainly that should be changed so the Council is comfortable with it from a public standpoint. But, I don't believe that this Presale Report at this stage is a securities document. It may be a legal document or public document of the City. But, I don't think it is a securities document."

Moegerle, "So some bond person can't come to us and say you were going to get these from utility revenues and you aren't getting these from utility funds." Vierling, "You are not guaranteeing what portion of the payment will come from utility funds. What you are saying is that primarily and the history is that these were primarily funded as a utilities obligation." Moegerle, "That sentence says a majority." Vierling, "And I don't have any problem, if the Council has a problem with the statement that is fine. At the end of the day, this will still be the legal authorization for these, 444 and 475."

Ronning, "I think it can be safely said, any municipality bonding on the future, is a bet on the come. It is a bet that something might happen, you want it to happen, and you would like it to happen. And the people that provide those numbers have enough confidence in what you are telling them, that they expect we can stand behind it and so can they."

Kvilvang, "Just to provide another clarification as the City Attorney also did. This is not a securities document, this is the Presale Report to inform the Council. Bond holders really do their research under the Official Statement and in addition, they look at the fact that this is a general obligation bond which means it has the taxing authority. That is going to be truly what they base their purchasing on, not where the revenues are coming from, but the fact that it is backed by the general obligation of the City." Moegerle, "Then they could be easily removed. Do we even have to have those risk factors in there?" Kvilvang, "We place the risk factors in so you are aware of it. I am not going to sit here and split hairs. I am happy to take out the word majority. But, the fact is that the utility funds will be coming to pay for this. Whether it is the majority or not, we will see what happens." Moegerle, "I really object to the word majority. And, the second part is, this is where there is confusion on my part. "This refunding is being undertaken based in part that the City does not expect to have future revenues to pay off this debt." What does that mean?" Kvilvang, "What that means is you are looking to refinance today, because in the next two to three years you are not going to have enough money to in the foreseeable future to pay it off in its entirety."

Moegerle, "Doesn't that make people insecure, that we won't have money to pay the refinance?" Kvilvang, "No. Because it is looking at the principal amount. You are not in the next couple years going to have a couple million dollars lying around to just pay this bond off in its entirety. That is what the point is with regard to this." Moegerle, "We don't have the dollars to pay off this debt as currently funded. That is not what is says."

Ronning, "Actually, the fact of the matter." Lawrence, "Let Heidi finish." Moegerle, "That is not what it said. DeRoche, "Let's move around the room here Richard." Lawrence, "Just wait your turn, you are next." Moegerle, "I think we should say what we mean, and mean what we say. And I have a real problem with that. There are some other things in here that I don't think would be real clear to our residents, but I will let Bob go ahead."

DeRoche, "This whole thing was premised under that the City expects to pay it under the utility, which is why it was passed. Now is that going to happen or not, who knows. But, when it was passed and people voted for it, that was the expectation, I would hope. Correct? So, I don't see a problem with that statement, because the City does expect to do that, I would hope that we do. For someone that says they represent the EDA and we are going to bring development, and let's have a positive attitude, it appears to me that balloon has been deflated and you just don't think we are going to get any money, or enough money to pay for this. Are we ever going to be able to totally fund this? I don't know, I am not going to sit here and play this card, and going to shove it down the road to another City Councils. Because whatever Council is up here, there is always going to be financial issues on this project, plain and simple. Can we try to minimize that as much as possible, sure we can. But there were some decisions made a couple years ago on the spot and I don't think that every time this thing comes up, we need to gut it and make it fit certain people's opinions. That is why I asked for a legal opinion. And, if there is so much concern and questions, why is it coming up now, when we have been dealing with this for how long on the refinancing? Why didn't these questions come up before? It seems like the questions wait until the night we are going to vote on it and then, "No, I have all these questions and we need to postpone something." And, it is done under the guise of, well we are trying to help the residents. I don't think anyone up here is out to hurt the residents. But, I do think the residents knew this was out there. And anyway we can try and get it down, or do something to help them out. Because it was my understanding that, we were trying to keep some of the costs down in the beginning in the hopes of getting development in here. And, now, what I am hearing is we should even it out down the road. The same comments, but in different way in different meetings."

Koller, "We have been going over this meeting after meeting. We have had you here several times, without much success on our part. This Option 3 up there looks like the best option I have seen so far. I think we can argue it all we want to, but it needs to be done. We should just get it done."

Lawrence, "What is the impact for residents at this time, with Option 3." Kvilvang, "No impact for 2014, the first savings are estimated at \$48,000 in 2015 and for the next four years after. Again, it would start in 2015 and up through 2020 is when you would see the most of your savings. That is your positive impact, for 2013, no change, 2014, no change, 2015 is when you see your first positive impact." Lawrence, "I was checking the timeline. What is timeline to get this complete?" Kvilvang, "The bond sale is scheduled for December 18th, with your closing on January 9th."

Ronning, "I think it is a reasonable question to ask about the majority of it, but from a factual basis, we can say we will raise it any other way. There is no other reasonable explanation, so we are anticipating we are going to raise it through utility connections. If we say we don't have any way to pay this back other than to drum up extra money, we are dead, doomed. Am I incorrect?" Kvilvang, "The fact of the matter is you are issuing debt with your general obligation taxing power behind it. You will have to pay it one way or the other. It is currently under a refunding that could have some savings." Ronning, "The bottom line is the general obligation is controlling." Kvilvang, "Yes. If the utility funds are inadequate, you will on a temporary basis prop that up with taxes."

Moegerle, "Again, it is a transparency issue. I think we should be honest with our residents. I think we should say what we mean and mean what we say. I understand looking at the

upfront issue, we are looking at a 17.5% tax increase, which is preliminary and may change. I did a look at this (since it wasn't provided) of financing 8.9 million over 27 years and it wasn't black and white and firm, but that would be \$330,000 per year and we could pay that off in 27 years. And, it is like having fool's gold. I know it is fool's gold, but if you don't you look at it and think, "Wow this is great!" And then someone hands you 24 carat gold, and you realize you have fool's gold. Until you have something to compare it against, you don't know what you have. And, I think this is fine. I am just saying that additional information can assure us that this is the right decision."

Moegerle, "Is it better than the one we had in October, yeah. But, I think we are spending an awful lot of money to have only one work up on this. We are committing lots of future tax dollars to this approach and I think knowledge is power and as many sources as possible that we can get information from. Recently, it has come to my attention that there was information out there that we as a Council wasn't aware of that could have radically changed our situation. And, so I don't want to be in the situation of not having asked for, not having received all of the information that could have changed our future. And, love to save \$1,300,000. But, my question is to be honest with ourselves and say, "We at this time cannot honestly say the money is coming from the utility funds, and I think we need something to compare it to. And that is just my point of view. And, I think that would give more conviction to our decision as opposed to here's this and we have to decide whether it is fool's gold or real gold. Without anything to compare it to, I think it is hard to say."

Ronning, "What is the next step?" DeRoche, "As far as the residents go, we already know the money is going to have to be levied. That was a given with doing the general obligation bonds, even with revenue bonds if there wasn't enough money in there the levy was going to have to go to the residents. There is no ifs, ands or buts, I don't care if you call it fool's gold or black and white or whatever, the fact is and I think most people understand it, when this was passed they were going to pay for something that they don't have (a lot of them). Is there ever going to be enough information? I don't think this was the only workup. Somebody made reference to information that could have drastically changed the way we did things and I would like to know what that information is? And when it was or wasn't and however. If things are going to be dropped and this is going to go out over the air, I think it is only fair if what we are referring to is brought up." Moegerle, "That was all at the October 23rd meeting. The part that says the City will spend at least 85% of the spendable proceeds on the bonds by December 13, 2013. So that meant we only had to spend 85% of \$18,100,000. We could have saved like \$2,700,000 unspent. And that if four times the \$670,000 that we are using to refund this. And, we could have saved instead of \$1,300,000, it would have been like \$5,000,000. And nobody from December 15, 2010 when that document was signed, until I found it on October 7th told us. Until I made it public, we didn't know we could have saved that \$2,700,000. If we would have known on February 19, 2011 and we had been reminded of that every time we wanted to spend bond proceeds and known we could have sent that back as taxpayers dollars. That would have changed a lot of decisions. Because it changes the facts. Change the facts you change the decisions. And so I don't want to be in a position of someone saying, "Why didn't they ask this question. It certainly could have changed a lot of my votes and probably yours (Bob) to. But, I won't speak for you. So, I want to ask all of these questions because we are making huge commitments on huge amounts of dollars. And, the more information we have the better."

Ronning, "You (Ms. Kvilvang) brought these to us as recommendations to consider. And, as Ron said Option 3 looks like the best option up there. Based on your judgment as a

senior financial advisor (and we aren't financial advisors) is that the best option you have given us, in your opinion?" Kvilvang, "Based on the objectives you have given us, this one meets the objectives you had. Number one, getting out from the federal government and the future non-payment that is potentially there. Number two to maximize your savings in the first several years to allow time for development to come forward and catch up and to address the 2010 C bond payments you have out there. And, to achieve positive savings in those later years as well so you don't see a negative impact to the City, so those residents see some positive impact. So, based upon your goals and objectives, this is the best option to move forward in order to achieve that. If I heard Council Member Moegerle's request, I believe you want to see what it looks like for a straight amortization." Moegerle, "Or maximize savings, whatever it looks like." Kvilvang, "If that is something that is the desire of the majority of the Council we are happy to look at that and provide that option. All that will do is just delay the time of the bond sale. This isn't overly significant, it would just be sometime after Christmas holidays. And, we will have to see which underwriters will be around because of the that. Ronning, "Thank you for your answer, all the time and effort you have put into this and explaining everything to us."

Ronning made a motion to authorize Ehlers and Associates to move forward with Refinancing the 2010 Build America Bonds, Option 3. DeRoche seconded. Lawrence, "If this goes through can we refinance again if necessary?" Kvilvang, "Yes you can. Your first option will be in 2023." Moegerle, "To come up with these, is it just putting information in a computer? Do you have to run it past future purchasers? What takes the time in this?" Kvilvang, "We are looking at the market because we are in there every day, but we are also talking with underwriters because this is a little different structure. So we are routinely talking to them to see who is going to be out bidding in the market and trying to weigh where you are at with type of financing and structuring to see if we are comfortable with the rates we are proposing and the savings. Granted, what we learn and put in there are no guarantees. Like we learned when there was a fall in the market. But, it is our best estimate for decisions." Moegerle, "And right now the market is tip top." Kvilvang, "The market right now is has been fairly stable. Might be up a few basis points or down a few. But, it has been pretty stable."

Moegerle, "The other things Jack, even if we approve Option 3 today it will not affect the tax levy for next year. Is that correct?" Davis, "That is correct." Moegerle, "The monies that are potentially saved in these change orders coming up later on the agenda, are these savings being used to pay this down at all. Or are they available to pay this down further?" Davis, "No, those change orders are not technically change orders for additional costs. There is further explanation that Craig is going to give on the presentation that he gave last meeting that involves the bid for the lift station. And, he has broken them out to explain them further. But, they don't involve any extra cost." Moegerle, "And so it is a paper savings, not a dollar savings." Davis, "That is correct. And one thing to point out too that is critical (we will discuss it also during the budget discussion later on the agenda) is if we did decide to go through Option 3, which provides us with about 60% of bond debt savings of about 25% to meet those 2010 C bond costs. And, moving forward into 2018, 2019 and 2020 it is going to pay about 60% of the additional principal we have due. It is important no matter what we do to look at maximize our savings in the first five years. We don't have a crystal ball and don't know what is going to happen really next year. But, really beyond five years is anybody's guess. I think it is important to consider that and we will bring it out again when we discuss how we are going to manage the debt as we move through the next five years." Moegerle, "Are there other refundings going on that would suggest to you that it is possible to save more than the \$1,300,000 if this were structured a different way?"

Kvilvang, "I don't know that there would be much difference in the savings." Moegerle, "You don't know either way." Kvilvang, "Yes." Mayor Lawrence took a roll call vote.

DeRoche, aye; Koller, aye; Lawrence, aye; Ronning, aye; Moegerle, nay; motion carries.

Sheriff's
Report

Commander Orlando gave the October 2013 report as follows:

Felony Criminal Vehicular Operation: On October 10th deputies were called to a motorcycle injury crash in the 4800 block of Viking Boulevard. The motorcyclist had tried to avoid a pickup truck that was leaving the parking lot of a local bar and had ended up losing control of her motorcycle, laying it down on the roadway with her leg being pinned underneath the bike. The driver of the pickup did not realize he had caused a crash and had been followed by a witness. The witness did tell the driver about the crash and the driver returned to the scene. The female motorcycle driver had been transported to the hospital with leg injuries. The male driver of the pickup was interviewed by deputies, and exhibited signs of impairment. The driver did have a blood test taken to determine if he was intoxicated. The blood test results did show a .08 BAC. The male has been charged with felony criminal vehicular operation as a result of the injuries sustained by the female.

Thefts: There were 15 thefts reported. During the evening hours of October 2nd there were two separate bobcats that had windows taken. That same night there was two trailer thefts from business in East Bethel. There are no suspects at this time. There was a theft of a trolling motor from a boat. There was one report of a trail camera stolen. The camera had last been seen in August. There was one report of a catalytic converter being taken off a vehicle. There were two reports of mail theft, however one occurred back in July or August and was just now reported. One was the theft of outgoing mail and one was the theft of incoming mail. The incoming mail included a Menards rebate check. The owner of the mail did not receive her rebate check and contacted Menard's, who advised the check had been used in Cambridge. A suspect has been identified. There were two reports of vehicle thefts. One vehicle theft involved an owner who allowed her tenants to use her vehicle in the past, but found the vehicle missing without having given permission. The vehicle was located nearby, by the owner's friends who brought it back. The other vehicle theft was taken from a driveway. The owner was unsure if the keys to the vehicle were in it. That vehicle has not been recovered. There was one report of a theft from a barn. Items taken included a rototiller and aluminum pipe fittings. There were two gas no-pay thefts reported.

Burglaries: There were four reports of burglary in October. One report involved a camera being taken from a residence on a table, however other valuables were left behind. The camera was entered as stolen. One report had a front door kicked in and a laptop taken. The homeowner reported he used to sell marijuana and still owes money to a male. One report involved an ice auger and cell phone being taken from a residence. There was no sign of forced entry and the owner has identified an acquaintance as a suspect. The final report involved jewelry being taken from a jewelry box. The homeowner was unsure of when the burglary occurred as they are in the process of moving.

Damage to Property: There were four reports of damage to property. One report involved the same residence as the burglary involving the ex-drug dealer. This report involved attempted entry into the residence and screens being cut and taken off the windows. This damage took place about nine days after the burglary was reported. One report involved a teenaged son damaging a door. One report involved a window being broken from rocks being thrown, no suspects. The final report involved a window on a car being broken

possibly by a bb.

Possession of a Stolen Vehicle/Controlled Substance: On Oct. 29th deputies located a vehicle which had been reported stolen earlier in the night from Isanti. Deputies conducted a traffic stop and arrested the male driver and female passenger. The male driver advised it was his friends father's vehicle and he knew nothing about it being stolen, however would not give his friends name to the investigator. The female was found to be in possession of heroin when booked into the jail. There were also credit cards located in the vehicle which did not belong to the owner. Anoka County CID is handling the investigation.

Possession of a Controlled Substance: Deputy Kvam found a vehicle stopped on the roadside that had expired registration. Upon identifying the male and female, he found the male to have a warrant for his arrest. While conducting an inventory search of the vehicle, 3.8 grams of meth was located. Both male and female were arrested for the possession of a controlled substance.

Arrest Breakdowns:

Felony: 3

- 2 – Possess controlled substance
- 1 – Possess stolen vehicle

Misdemeanor: 8

- 3 – Possess drug paraphernalia
- 1 – Possess small amount of marijuana
- 1 – possess marijuana in a motor vehicle
- 1 – trespass
- 1 – mistreatment of animal
- 1 – property damage

Lawrence, "The gentleman that was arrested for the pickup truck incident?" Commander Orlando, "The criminal vehicle operation?" Lawrence, "Was that because he was .08 BAC?" Commander Orlando, "He showed signs of intoxication, so he was originally arrested at the scene. I believe he made an initial court appearance and was charged with criminal vehicle operation. And then once the blood tests come back then can amend the charge to include any other charges with that." Ronning, "You mentioned 3.8 grams of meth. A gram is typically compared to a dollar bill. I have no idea what that 3.8 grams looks like. How much damage can that do? How many people would use something like that?" Commander Orlando, "On one consumption? A typical user would buy a gram. That is more than what a typical person that uses would have on them." Ronning, "Would that be looked at as a seller or a user?" Commander Orlando, "Wouldn't necessarily be a seller, but the way the laws work for controlled substance there are varying amounts of time for how much of the item you have. Typically to look at selling, they would have to sell to someone undercover or if they have a scale and baggies or items that would indicate that they are selling." Ronning, "I had heard that there was a big meth problem here. Is it better?" Commander Orlando, "It is better than what it has been in years past, but the drugs are still out there." Lawrence, "And heroin is on the rise?" Commander Orlando, "Heroin is unfortunately is the drug of choice for many people. There is a lot to be found and it is very pure in Minnesota. They don't know why it is so pure in Minnesota. And unfortunately because of that there are a lot of overdoses going on because of that."

Public Forum The public forum was opened for any comments not on the agenda. There were no comments so the public forum was closed.

Consent
Agenda

Lawrence made a motion to approve the Consent Agenda including: A) Approve Bills; B) ~~October 16, 2013 City Council Regular Meeting Minutes; C) November 6, 2013 City Council Regular Meeting Minutes; D) Change January 2014 Meeting Dates; E) Probation Completion for Public Works Employee; F) Final Payment, Coon Lake Beach Street Surface Improvement Project; G) LaTour Change Order No. 1, Lift Station No. 1; H) LaTour Change Order No. 2, Castle Towers/Whispering Aspens Force Main; I) Approve Hire of Cable Technician, and including the supplemental bill list of Delta Dental of \$952.50.~~ Moegerle, "I want to pull Items B) October 16, 2013 Meeting Minutes, C) November 6, 2013 Meeting Minutes (we don't have them in our packet), and Item E) Probation Completion for Public Works Employee." DeRoche, "I would like to pull Item I) Approve Hire of Cable Technician." **Moegerle seconded; all in favor, motion carries.**

Moegerle, "I pulled Item B) October 16, 2013 City Council Meeting Minutes because I am not going to vote to approve the minutes. If you want further explanation. I remember during the Great River Energy (GRE) negotiations there was a big debate about what Larry Schedin's testimony and the different routes and that sort of thing. And the debate revolved around what our minutes said and whether the DVD could be attached to provide additional information. And, I don't think that legal question was resolved. But, I do think for the interest of the City, that it is best that our DVD which is word for word, there is no paraphrasing, no decisions that the transcriber has to make or checking over things, that should be standing as the official minutes. For no other reason than I think the DVD should be our official minutes as opposed to the transcribed minutes in whatever form, I am pulling these minutes so there can be an individual vote on them. And I can vote on my view in favor of the DVD being our official minutes. Do a vote and I will say no and we can all move on."

DeRoche made a motion to approve Item B) October 16, 2013 City Council Meeting Minutes. Ronning seconded. DeRoche, Koller and Ronning, aye, Moegerle, nay, Lawrence, abstain; motion carries. Ronning, "You asked me why last time, you wouldn't let me." Lawrence, "But I have to, I wasn't here. You were here." Ronning, "It is immaterial whether you were here or not. It is a right within your responsibilities." Lawrence, "No it is not. It is your responsibility to make decisions for the people of the City. That is your job and if I am not here it is not good for me to vote on something I have no knowledge of." Ronning, "Under Roberts Rules it is not good for anybody to control how anybody is voting."

Moegerle made a motion to table Item C) November 6, 2013 City Council Meeting Minutes since they are not in our packet. Lawrence seconded. Vierling, "Since there is nothing here, a motion to table would be out of order." Moegerle, "What do I do then?" Vierling, "You would move to strike it from the agenda." **Moegerle made a motion to strike Item C) November 6, 2013 City Council Meeting Minutes. Lawrence seconded; all in favor, motion carries.**

Moegerle, "I pulled Item E) Approve Probation for Public Works Employee because I would like some more background information. Is this an employee that we hired at a time when the Public Works staff was down due to our pending Veteran's Preference claim?" Davis, "No, this was employee was hired to replace Darin Hansen who resigned in April."

Moegerle, "Penny drops, thank you. Can we table this until the first of the year?" Davis, "Why would we want to do that?" Moegerle, "To give us more time." Davis, "He has completed his six month probation as required by the personnel policy. His work has been exemplary. He has done everything he is required to do." Ronning, "Is six months a contractual item, probation?" Davis, "It is in the union contract and personnel policy. There will be review upon six months and it can be extended if there is reason or due cause. But, in this case, with this employee there is no reason I would recommend that this be extended." DeRoche, "He is an exemplary employee, he hasn't done anything wrong, he has followed the book. Why would we stall him from full-time employment?" Moegerle, "I have my reasons."

Ronning made a motion to adopt Item E) Approve Probation for Public Works Employee. Koller seconded; all in favor, motion carries. Ronning, "Congratulations Chad."

DeRoche, "I pulled Item I) Approve Hire of Cable Technician. How much experience does he have? Are we going to have to go through a period of the sound isn't right, he is not following people? He has no clue what is going on? Or are we bringing on someone that is somewhat AV savvy?" Davis, "He is AV savvy. And, we will make sure he is ready to go solo before we turn him loose." DeRoche, "Okay because you know as well as I do that if he isn't we will get calls."

DeRoche made a motion to approve Item I) Approve Hire of Cable Technician at \$12.00 per hour. Ronning seconded; all in favor, motion carries.

Fleet Policy

Davis explained that the League of Minnesota Cities Insurance Trust (LMCIT), our insurance underwriter, meets with City representatives annually to assess areas of need pertaining to worker safety, insurance incentives, workers compensation history, and other items relating to loss control. The LMCIT has recommended that the City adopt a written Fleet Safety Program to guide the use of city vehicles and equipment.

At the November 6, 2013 City Council Meeting, the East Bethel City Council adopted the Fleet Safety Program and requested that certain changes be made for clarification. Attached is the amended program with modifications.

DeRoche made a motion to table the amended Fleet Policy until we can have a work meeting to discuss the proposed changes. Ronning seconded. Davis, "We did approve the policy, we will just have the work meeting to review the modifications, correct?" DeRoche, "Yes." Vierling, "That issue at hand is the amendments." **DeRoche amended the motion to add December 4, 2013 at 6:30 p.m. as the work meeting date and time. Ronning seconded the amendment; all in favor, motion carries.**

Fire Department Report

Chief Mark DuCharme will present the fire department report for your review. Chief DuCharme, "In October we ran on 38 calls, 22 were medical related. Most of our calls other than the EMS were gas leaks and things like that. Hadn't had an opportunity to get word out about winter coming up. Be careful with your wood burning stoves and fireplaces, make sure they are clean and your furnaces are up-to-date." DeRoche, "And that ashes are dumped properly." Chief DuCharme, "Yes, that happens where we have fires in our fireplaces and we dump our ashes. And our ashes can stay hot for multiple days. Do not put them in our regular garbage cans."

DeRoche, "Do we ever run into carbon dioxide poisoning with flues being backed up?" Chief DuCharme, "We have run into carbon monoxide issues with furnaces. Typically what has happened over the years is water has leaked in and rusted it." DeRoche, "Carbon Dioxide detector is mandatory." Chief DuCharme, "They are mandatory by your bedrooms. If you have bedrooms upstairs you have to have them upstairs and if you have bedrooms downstairs, then you have to have them down there too. They are worth their weight in gold." Lawrence, "You are talking natural gas." Chief DuCharme, "Right, and LP." Lawrence, "So not just wood burning stoves." DeRoche, "Who enforces that Jack, is it us?" Davis, "Yes. It is part of the building inspector requirements." Ronning, "These corn pellets, I hadn't heard of them until recently. Apparently corn burns quite hot. That is one of the problems with the flue, it cools and you get the creosote built up. Is that one of the problems?" Chief DuCharme, "The wood pellets seem to burn hotter than a standard wood stove. Once again, you need to be careful with your flue to make sure it is properly installed and properly maintained, which includes having that thing cleaned. Really, your chimneys should be inspected at least once a year. Maybe just stick your head up there. Animals can climb up there and build nests."

Chief DuCharme, "I am pleased to announce that as of December 1st our ISO rating is being lowered to a six! This is a step in the right direction, we are moving in the right direction. Many cities moved the other way. Our goal is next time around to see if we can't get that down to a five which could make a substantial impact." Ronning, "Will this have any impact on insurance rates?" Chief DuCharme, "Going to a five will have a impact. I did have a discussion with an insurance agent and they said it would make a little impact."

FEMA
Assistance to
Fire Fighters
Grant (AFG)

Chief DuCharme explained that FEMA has opened the application period for the Assistance to Fire Fighters Grant (AFG) December 3, 2013. This Grant Program has been designed to assist Fire Departments with the purchase of equipment through a 5% matching formula. The Fire Department requests approval, from Council, to submit a proposal for two projects.

The first project is for the replacement purchase of Self Contained Breathing Apparatus (SCBA). The current 35 SCBA units were purchased in 2004 by another FEMA AGF Grant. The units are now 10 years old and are noncompliant with current NFPA Standards. Although our current SCBA units are in good mechanical condition, they are aging and will need replacement within approximately 5 years. Replacement of this equipment is approximately \$4,750.00 per unit. If this project is awarded by FEMA, we would request funding for 40 SCBA units plus an additional 40 spare bottles and 40 SCBA masks for a total cost of \$222,000.00. The City match for this program is 5%, or \$11,100. The matching funds could come from either the 2014 or 2015 Equipment Replacement Fund.

The second project is standby emergency electrical generators for the City Hall and Public Works. Both facilities have a need to function efficiently during disasters and emergencies when electric power is not available. The estimated cost for the equipment and installation of the generators is \$60,000.00. The 5% City Match (\$3,000.00) would come from the Building Capital Project Fund.

Both of these items have been recommended by the United States Fire Administration and FEMA and have been designated as priority initiatives by the United States Fire Administration and FEMA.

The matching funds required for the turn out gear proposal is 5% of the total cost, estimated

at \$222,000.00. The maximum City match is \$11,100.00 will be part of the FY 2014 or 2015 Equipment Replacement Fund. The matching funds required for the generator project is 5% of the total costs, estimated at \$60,000. The maximum City match would be \$3,000 and will be part the FY 2014 or 2015 Building Capital Project Fund.

Staff recommends direction to the Fire Chief to prepare and submit Assistance to Fire Fighters Grant (AFG) by November 30, 2013.

Moegerle, "With regard to the first project, someone (not myself) brought up the idea of free money? And \$222,000 is taxpayer's money across the nation. Have we budgeted for this \$222,000 in our Capital Equipment Replacement for the SCBA replacement?" Chief DuCharme, "No that has not been budgeted, and that is another reason why this is a good reason to request the grant." Moegerle, "Why wasn't it budgeted for? Because to me if it wasn't budgeted for, then it wasn't necessary. Why is it now necessary." Chief DuCharme, "Past administration has not figured that this was part of a long capital plan." Davis, "I think the way this was viewed in the past was this would be replaced over a period of years. Replace five bottles a year for eight years. But, this does give us an opportunity apply for the funds and pay for 95% of it with grant money. So, these would be replaced in increments as we move forward, if we got the grant we could do it all at once and have a substantial savings." Moegerle, "Is the AFG Grant available every year, or every other year or whenever they choose to?" Mark, "Yes, it is whenever they choose to. We don't know how long the grant will be around. It is not necessarily every year." Moegerle, "Part of my concern is they are still in good mechanical condition." Chief DuCharme, "We take very good care of them." Moegerle, "So, there are probably others that are applying that are not in good mechanical condition. So, should we get this grant, what are you going to do with the ones that are still in good mechanical condition. It sounds like you are going to have a surplus of these." Chief DuCharme, "The value of these are not going to be very high. We would not maintain both the old and the new ones. The fact of the matter is, NFPA standards are in the 3rd generation since we bought these. Even though we have kept them in good shape, the bottles are tested and we made sure the electronics are kept in good shape, they don't meet the current NFPA standards. Does that mean we have to take them off and not use them? No, because we keep them in good shape. But, the older they get the more you will see the failure. Also, the other issue that has come up is the vendor who is the distributor for our brand of SCBA, has gone out of business. And we are not sure how that will factor in, even with the servicing of them." Moegerle, "My concern is with our equipment replacement fund, if we do this in three years then there is \$11,000 that can be used on something else that isn't going to last. We have this financial burden and concern, I hate to spend \$11,000 on this that is not an immediate need and not be able to deal with an immediate need if something breaks down. Help me work though that, why." Chief DuCharme, "Our fire fighters have gone through extreme work to keep our units in good working order. They are aging, almost 10 years old. I think it is easier for me to ask Council to spend \$11,000 instead of \$222,000. If we were to put this in the Capital Improvement Fund or Operating Budget, then we would not be able to ask for the grant because then we are supplanting the budget. So, even though we should have this in a budget, being we haven't done it yet, this does give us some type of benefit. You are right, this is taxpayer's money, and it is coming from the federal government."

DeRoche, "I would like to approach this from a safety standpoint. Number one, tanks, once they get so old you can't even hydro them anymore. My experience of being a rescue diver, if my equipment gets old it is going down the road. I am not going to run the risk if someone's life is on the line, how can you put a value on someone's life? And it would be a

real bad day for that fire fighter if to be in a building and have the equipment fail. Seeing how we are in the 3rd generation and it doesn't meet the standards, it is a safety issue." Lawrence, "How many generations are there?" Chief DuCharme, "It is in the 3rd generation of the standard since we bought these. I do want to let the Council know that our current SCBA's are not without issues. We have a small handful that we pull out of service, which are in the backroom and need service right now. We do change the batteries and things like that. We have some issues of water damage and what Council Member DeRoche was talking about the hydro testing, we just had that done. This will be the last time we can do those bottles so either way if we keep the same units, we will be looking at replacing the bottles."

DeRoche made a motion to direct the Fire Chief to apply for the Assistance to Fire Fighters Grant (AFG) for both projects, the SCBA gear and the electrical generators. Koller seconded. Moegerle, "Don't misunderstand, safety is very important. And, I urge you to make your best case in these write-ups. But when you say these are in good mechanical condition, and yes they will need to be replaced. That says it is on my wish list and we are getting close to Christmas." Chief DuCharme, "And I do appreciate the questions." Ronning, "It is a real screwy comparison to having bald tires when you are going on vacation. You don't want to do that, you want to have reliable equipment." DeRoche, "Does this go through the consortium?" Chief DuCharme, "Yes. If awarded that is where we would look to buy." **All in favor, motion carries.**

Town Hall Meeting

Davis explained that there may be a larger than normal turnout for the November 21, 2013 Town Hall Meeting due to the proposed tax increase that is required to pay for bond interest for the Municipal Utilities Project. Since we can seat 150 persons in the Senior Center and only 50 in Council Chambers, we may want to consider conducting the entire session in the Senior Center.

Scheduling the entire Town Hall meeting in the Senior Center would prevent the video recording of the Question and Answer (Q & A) Session, but while we record the Q & A Session of the meeting that is held in Council Chambers, we have never played this back on Channel 10. We would have a digital audio recorder available for the meeting if we do in fact do conduct the entire meeting in the Senior Center.

One other item that would change if the Q & A Session is conducted in the Senior Center is the format would need to be altered to have the Mayor act as the moderator of the meeting. There would be only one microphone available for the Council and one for the public. In this format, the Mayor would recognize a citizen who desired to make a statement or ask a question and a Staff person would bring a microphone to that individual for their comments. The Mayor would answer the question or direct the question to appropriate Councilperson/Staff member for comment. This is the format that was used for Town Hall Meetings prior to the Fall Meeting in 2009.

One other option would be to assess the size of the crowd and make the decision for and announce the location (Senior Center or Council Chamber) of the Q & A Session prior to the Session. This is a matter of information.

DeRoche, "I would change, is if it is over there to have the City Administrator be the moderator." Moegerle, "I think if it is over there he would be the moderator anyways because he is going to be answering a lot of questions about how the budget was prepared anyways. I think we should try to have it here. And, I do think we should replay it, because

I think there will be a lot of people that will want to hear our answers on this budget.” DeRoche, “It was mentioned in here about having someone answer for us and I think we have to answer for ourselves.” Davis, “Well that is the benefit of having it in here. Even if you have it in there, the microphone can be given to each Council person. My only concern was that if we have 150 people, we cannot accommodate that crowd in here. There will be people in the lobby, people in the foyer. In fairness to the citizens, maybe we should look at more comfortable accommodations for them. That is just an option in case we have a large crowd.”

Moegerle, “Can we bring chairs from over there here? We can seat them out in the hall because we have the microphones out there.” Davis, “We can, but the problem we have out there is the safety issue. There is a fire rating for each room and if we have a 150 people to try to get them in here would be a huge mistake.” DeRoche, “I really don’t think we are going to get that big of a crowd.” Ronning, “Just the heat generated would be miserable.” Davis, “And, if we have the normal crowd that we have for the Town Hall meetings, it will be no problem to accommodate them here.” DeRoche, “I think people are pretty much reserved to the fact that there is going to be a tax increase. Anybody that has watched us, we have had 18 budget meetings?” Ronning, “The circumstances are different from the past ones, but my experience is you will have a large crowd over there and then it gets smaller portion of that comes over here for the remainder.” Davis, “If past history holds up, that will be the cast. But, we want to have a backup plan B.” Ronning, “This is really a free for all, isn’t it?”

2014 Budget Discussion

Davis explained that Council and Staff have been working on a multitude of approaches to minimize the impact of the projected 2014 levy increase that will be required to pay the interest on the 2010 A & B Bonds. To date there have been 17 meetings involving the budget process and preparation. With the budget cuts that Council has considered the net result and changes to date would result in a General Fund Tax Levy decrease of 1.9% if it weren’t for the 2010 A and B bond payments. However, due to these payments the General Fund Levy at this time could increase to 16.4%.

I have some charts of the City levies. In 2011 there were two levies, one City levy and one County levy for the HRA. In 2012 that was reduced to one levy, which was the Special City Levy for the EDA. In 2013 there was the EDA levy and proposed for 2014 is an EDA levy. The net result of these special levies is they have decreased from \$330,000 to \$130,000 over the past four years.

This chart is the General Fund Levy. In 2010 it was \$4,970,000, in 2013 it decreased to \$4,100,000 and the proposed General Fund Levy for 2014 is \$4,045,000. That is almost a \$1,000,000 decrease in five years in the General Fund Levy. The final graph gets us to where we are today and these are the City Bond Levies from 2010 to 2014.

The last chart is the bonds. In 2010 there was the 2005 A and 2008 A bonds which totaled approximately \$247,000. Same is true for 2011, 2012 and 2013, they stay pretty level. In 2014 we need to add almost \$800,000 in bond debt which is why we are facing this tax increase we have now. That is because in 2014 the bond interest payments kick in for the municipal utility project.

We have discussed many options to reduce the budget and there are still opportunities to reduce the impact of the bond deficit on the 2014 levy and these include but are not limited to the following:

1.) Transfer of additional General Fund or other fund balances at an amount to be determined to subsidize the deficit;

2.) Additional reductions to the City Budget which are included in your packet.

These are the remainder of the ones that we previously discussed as follows: Conferences from Mayor/City Council, seasonal employees from Parks and Roads, Booster Day fireworks, potential for more cuts in the Parks Capital Transfers or the EDA budget. All the other recommended minimum reductions have been incorporated in the budget run that you have in your packet and that decreases the levy down to 15.8%. There are still some other one-time reductions that we could use and these include the 2005B bond balance, general fund transfers in excess of 50% of that balance, and the Trails Capital Fund.

One thing I think we want to keep in mind as we move through these discussions is what we do this year and how it impacts for the next four to five years. Anything we use this year to reduce the budget as far as fund balances go, they will not restore. So if we use \$100,000 to lower the impact this year, that will lower the levy by another 1.2%, but then next year that comes back. So we will have to find another \$100,000 to replace it next year. Based on staff's reviews to date, the only means to further significantly reduce the budget would be to examine the use of reserve funds or personnel cuts. Neither of these approaches are recommended at this time, as their implementation could be counterproductive to the City's ability to solve not only the problem of the proposed tax increase, for 2014 and beyond, but would diminish the Cities ability to provide current levels of service.

In addition to looking at ways to minimize this tax increase for 2014, I have also incorporated an outline of a means to address the debt going through 2018. This would essentially feature saving our reserve funds and transferring them to the 2010 C bond. Utilizing the savings of the B Bonds to address the 2015, 2016 and 2017 bonds debt and utilize and SAC and WAC charges that would accrue and escrow them until 2016. And if the developments come through that are in the discussion and planning stages now, we could potentially have \$840,000 for this fund. We know in reality, some of those might not happen, but we are fairly confident that at least one will, and there is a better than 50% chance that the second one will. We believe that by escrowing the SAC and WAC charges until 2016, utilizing their transfers to address the 2010 C Bonds, we should have ample funds to pay interest on the 2010 C bonds and the principal on the first year in 2018. We are looking on further direction on any additional budget reductions and plans to manage the debt beyond 2014.

Moegerle, "Once again we are always looking at budget reductions, but not looking at income. And, has the \$50,000 from the Oak Grove contract been added back in to reduce the levy? Because we underestimated it purposely for 2014." Davis, "It has not. I sent this out earlier, and I don't know if anyone had a chance to look at it. It is additional options for fund transfers. We can technically reduce the levy to 0% this year and but, if we do so, then we will have a 17.5% increase next year. And then beyond we will have limited resources to manage the debt beyond that. Option 1 that I had sent out in an e-mail a few days ago if included in your packet. Option 2 would be to transfer \$50,000 of general funds because we do anticipated receiving more than the \$200,000 that we projected earlier. Part of it is we realize there will be obligations that will be outstanding for the rest of the year and have a better understanding on those and their amounts. I presented four options here. If \$100,000 was transferred, it would reduce the levy to 14.7%. Again, if we do this that eliminates the use of these fund debt management in future years."

Moegerle, "On Monday at the Economic Development Authority (EDA) meeting, Colleen told us that eight of the folks in the sewer district paid their lateral connection fees. That is \$92,000. Has that been accounted for? And how does that work into all of this?" Davis,

“That is in this latest budget run that we have given you. It is a 15.8% levy increase. A 1.7% reduction from where we started out from. In doing this it kind of washes out the projections that were made regarding the reduction in the ERUs for the theater and others. That has been incorporated in the last proposed budget that is in your packet as an attachment.”

Moegerle, “I know that the first meeting in January, we adopt our fee schedule which includes our fees for permits and such. I really would like us to take a look at our fees. It seems to me that if the residents pay pro rata what everybody pays, that is the point of that. But, if Joe Average wants a deck, then the cost of the paperwork, and getting that permit for the deck should be on Joe Average to get his deck. The residents should not sponsor and support his ability to get a deck. So if we look at permit fees and primarily for a commercial fees, for permits. And, I am sure those go by how much time it takes staff, and hopefully we will have more than 3% of commercial soon and it will be taking more of staff time. I want to take a look at that.” Davis, “We are looking at our permit fee structure now and analyzing that to see if that is in line with what our costs are.” Moegerle, “When will we have that to look at? Can you send us that current fee schedule for commercial so we can take a look at it?” Davis, “I sure can.”

DeRoche, “Residential permit fees, if I recall, it was Richard and I that were arguing this point last spring, that our fees are somewhat included in the salaries that these people are making that are working in this department. The building inspector, the building official. If we are going to say to our residents you are paying their salaries, but we also want you to pay extra in permit fees for them to do their job. How does that work out?” Moegerle, “That is not what I am saying. I am saying for average access to services, that is what residents pay taxes for. But, there is also when a resident comes in and wants a special service. Then there is time and other things factored in. So there should be some fee associated to this, their salaries are already accounted for through the general levy. But, I do think when it comes to permits that they should be reasonably related to the service that those folks receive over and above the people that don’t get decks or permits. That is just historically the way it has been. We need to look at the fee structure. I am not saying the community development department is a cash cow. It is the way government is run is they charge for permits and I think we need to make sure our permit fees are competitive and reflect the service that people that request permits receive. It is no grand new idea. I think we need more attention to the commercial end of things since we are going to be changing in that direction.”

DeRoche, “That is all fine and good, but we are looking at a 15% to 17.5% increase on taxes to our residents now. And then you are saying now Joe Average we should raise his fees if he wants to build a deck.” Moegerle, “Why should everybody else subsidize that?” DeRoche, “Because everybody already is Heidi. We are paying a building inspector to do inspections and a building official to do enforcement. It is not like we are only paying them \$5 an hour. We are paying the clerical people to do the paperwork.” Lawrence, “A lot of those fees are being paid by the new inspection and Oak Grove inspection fees. It is not like it is coming out of our budget, they are actually paying for themselves. Our building inspector doesn’t cost us anything to have him because it is all being paid for by Oak Grove.” DeRoche, “I don’t agree with that. If we don’t need him, then why do we have him?” Lawrence, “We do need him and we do use him.” Moegerle, “And we get the income, which is great.” DeRoche, “So basically, since we contract with Oak Grove we our residents should pay more in fees.” Moegerle, “No I said commercial, which means business. I said the commercial permit fees we should be looking at to adjust up.” DeRoche, “But Heidi when you started this it was the average Joe that was going to be building his deck. Why should someone else have to pay that. Now you are talking commercial.” Moegerle, “It was an analogy. Not it is an analogy and here is the point. The

cost of doing commercial, which should be spread over in permit fees. That is all I am saying. Look at the commercial permit fees, about increasing them. And making sure we are competitive on the other permits.” DeRoche, “Then I think it is something that shouldn’t just pop up on the agenda. I think it needs to be a work session. Things come up on the agenda and now we want you to make a decision, absolutely not.” Moegerle, “Absolutely, that is why I asked when we would have more information.” Lawrence, “Bob, do you have anything else for the budget?” DeRoche, “My thoughts as far as capital funds, is if you take out of one, it is good for this year. We can’t just focus on lowering the levy for this year. Because then next year and the year after and the year after, we have to work out a deal where it is somewhat spread out here. Are people going to be happy? Probably not, and if you have read your latest e-mail in your City account there is someone that is not real happy about the City tax increase. But, the capital funds, I talked to people in other cities who don’t have an equipment fund. They don’t have a park capital fund. They don’t have a lot of the funds that we have. So, what they have to do when they want to do what we do, is they raise the levy to raise the funds anyways. We have the funds with the monies there to cover our costs and still we are trying to come out with a decent levy. I am sorry for the tax increase and if people want to come and yell at me that is fine, but we are in this situation and we can’t walk away from it and say we are not going to pay the bill. And to eliminate all our major funds and then say we will just bank on the fact that we won’t need that money. That would be about the time that we would need it. So, then we would say, well Richard, we got you for say 15% but, we used some of our equipment fund and now we have equipment problems, so now we are going to come back with another levy because we took the money that was there earmarked for that reason. We can’t do that it is a dog chasing its tail. I would have no problem dropping the EDA down to \$100,000 a year.”

Moegerle, “At the EDA meeting on Monday there was discussion about having a Comprehensive Plan that would be rather extensive. I think we all snickered that it would be a \$20,000 cost. Frankly I expect it to be closer to \$40,000. But, we did approve to send out an RFP and that is where that money is going to go in the EDA Budget. Again, what is the EDA Budget? It is for those items that make the City more accessible, more available, and more attractive to businesses. And one of the big issues we have is we have properties that are zoned in awkward ways that don’t maximize utilities in that corridor. In order to get that corridor straightened out, I imagine we would also do Viking Boulevard. It all depends on what kind of response to the RFP we get. Which I understand will be on our agenda next meeting?” Davis, “That is correct.” Moegerle, “So I think if we use that money to invest in our future, then we can invest it in our future. I think we really need positive investment in our future, so there is a place for that money to go. And having funds that are unobligated and will roll over into next year for future investment, is a good thing. If in the scheme of things it ends up being \$47,000 that ends up unobligated. Less the \$20,000 to \$40,000 for the Comprehensive Plan.”

Lawrence, “You have to be very careful with your EDA budget. Your EDA is the main tool that is going to help bring the businesses in and also function as a search to find businesses to come. If we gut the EDA, we will be “If the build it, they will come” attitude. We want to be careful that doesn’t happen.” DeRoche, “To me that is like saying we are going to spend \$40,000 on a Comp Plan review and they are going to come. Where are we going to get the development out of that? If I could back and undue the Ady Voltedge study, I would do it in a heartbeat. Because that was not what I thought we were going to get out of it. And at the last meeting with the businesses, they asked the businesses, “What do you think we should do?” I thought that was an odd statement. I was expecting, “This is what we need to do.” Lawrence, “We use that Ady Voltedge study all the time at the EDA.” DeRoche, “Yes, I know and it is a matter of opinion. As I stated, if I could go back, I

would un-vote it and it would have never happened. Because, knowing then what I know now, it is a matter of opinion.”

Moegerle, “I understand for the Parks and Trails Plan that we had, that was a \$40,000 boondoggle of a beautiful map that is a cartoon and we are not going to use. And I said to Colleen, you are great at handling these meetings, and I don’t want some contractor to come in and do that. But she is interested in this form based development. That is the cutting edge thing and so on and so forth. I think we have a lot of ground to cover. It is not a Comp Plan Review, it is a Comp Plan Update. And we are a little big ahead of the schedule and this is something we have to deal with the Met Council and there are a lot of players involved to get this done. There are going to be a lot of public meetings associate with it. This is something that would normally come out of our operating budget, but because we have an EDA it can come out of the EDA budget. I think it is a good investment in our future.”

DeRoche, “Richard, you said gutting it, we are not gutting it. Taking \$30,000 out of \$133,000 is not gutting it. I will save my opinions for when it comes before Council.” Davis, “From the standpoint of the EDA, whether it is the Comp Plan or not, I think having those unobligated funds in there in whatever amount we deem appropriate (to go down much lower might preclude any problems that come up), I look at it more like a fund to address unanticipated opportunities or problems that will come up in 2014. Say we have a developer come in that wants to propose something and needs TIF assistance, or needs stimulation, or promotion of that development, or the City needs to help buy some property, or do some things like that. It is just another way putting a tool in our toolbox to help with development. So, whatever we use that for, I think there should be some of those dollars left in there to cover these types of issues that come up. And Council has to approve the use of these funds.”

Koller, “As we far as the EDA, I can see cutting a little, but not a lot because we need them. But, we need to bring in businesses and more housing. That will eliminate a lot of problems. We have a few developments in process which look good other than the lots look really small.” Davis, “I want to report an achievement today. We hopefully with a new medical plan will be able to save an additional \$15,000 that can be cut from the budget for next year too. But, we don’t have the final numbers.”

Lawrence, “When I review the budget, I have been getting calls from people saying you need to do something. You need to cut the budget and do whatever is necessary to get the levy down. There are some options available, we have limited funds to be cutting out of the budget. We are really on the skins and bones. If we use our capital fund money, this is a problem though because it is not enough to satisfy the tax levy. It would drop a couple 10ths of a point.” Davis, “17.5% is a reduction in the levy increase. A few people I have talked to today have had a net increase of 9.3 and 9.9%. One I talked to today was over 17%, but I didn’t see his tax statement.” Koller, “I brought up something earlier with Jack, I have been doing a little research on it. Selling it, it would reduce the money we spend on it.” Davis, “It is something we are looking in to.”

Ronning, ‘EDA has gotten a lot of attention, there is four years of data including next year. Commissions and Boards, we went from \$120 to \$1,600, Office Supplies from \$0 to \$200. Legal and Professional Fees went up, Telephone, \$0 to \$360, Postage \$0, \$0, then \$500, \$500, \$500. Travel expenses, \$0 went up to \$400. Legal notices, \$82 went up to \$200, Dues and Subscriptions went up, General Fund Reimbursement was \$0 is up to \$56,000,

Contingency was \$0 and it is up to \$27,000 and when you look at expenses what have we gotten for it? What are we doing with it and what have we gotten? I don't want to hear about the reader board. In the last three years about a half million dollars has gone to the EDA. What has come out of it?" Moegerle, "Almost a \$100,000 went to the reader board and the website. And the website is a continuing expense. We pay part of Colleen's salary. We pay part of Jack's salary." Ronning, "I am not done yet. I look at things with a meat clover approach. City Council we are at \$84,053 we should be able to whack 20% off that which is \$16,910." Lawrence, "What are you cutting out of there?" Ronning, "I said this was a result, not content. If you go back and in any industry you say, "I want cost cut, find it. Planning and Zoning you could cut 7% and it would be \$12,211. Fire Department ask them to cut 5% that is \$28,000. Park Department, 2% that is \$7,203. EDA, I am saying cut 40% and that is a total of \$118,542. I would like to see what the current expenses are." Davis, "That was in your update."

Ronning, "I would be curious what we had for a transfer last year from the left over funds. Anticipated transfers this year of left over funds." Davis, "You can cut this any way you want to. However, any additional cuts are going to have serious consequences other than us just operating lean. Which we are doing. We have cut over a million dollars in the last five years. One of the problems with temporary cuts, is then you have to restore it and then you have to raise taxes again. If we cut it the ability to restore is going to be quite limited." Ronning, "I am asking about the bare to the bones requests. And have a work meeting." Davis, "The only thing left to cut in there is maybe some office supplies and personnel to make effective changes."

Ronning, "What personnel are we paying through the Planning and Zoning?" Davis, "The Community Development Director and clerical support." Ronning, "A lot of the salaries have been transferred to the Commissions. You put the expenses where they belong. How much out of each one. For specifics, I will sit down with you later." DeRoche, "That is information that should go to everyone. If they make this, why is it coming out of here. How do you explain that?" Ronning, "I am just looking at how much from this year will go in the general fund and how much from last year went in there. If they were to identify everything, we would each have so much paper to go through." Davis, "If there is a transfer of \$28,000 to the EDA for the Community Development Director that is a third of her time." Ronning, "We can't keep asking people to take cuts, they have to put bread on the table."

Lawrence, "As Council we need to be aware when we are asking for all this information, we are asking for staff time and dollars spent of taxpayers to generate information. If you ask Jack to do staff work, you are spending taxpayer's money." Ronning, "I have a lot of questions about where staff time has been going. I think we are going to have a lot of interesting results." DeRoche, "I think it is pertinent information, because if we are sitting up here making decisions and we are going to say we are going to tax these people and we are figuring out the budget. We want as much information as you can and I have gotten a lot of questions, where does the money go?" Ronning, "Tell me what anyone disagrees with and I will pull that for later discussion. If there are portions in here that anyone disagrees with, then I will pull it for later in time." Lawrence, "When you start presenting volumes of information, you are costing taxpayers dollars and that comes out of our budget." Ronning, "And that hasn't been done before?" Lawrence, "I am just saying you are doing it, not what has been done in the past. That is the reality of when you start asking for all this information, you are spending taxpayer's money for all this information." Ronning, "It wouldn't be as much as we have spent on some other things." Lawrence, "It is

not a contest. It is that we are spending.” Ronning, “Is what you are saying in the form of a complaint?” Lawrence, “No, it is a statement of fact.” Ronning, “Should we look closer at what we spend and tax.” Lawrence, “The point was when you start directing staff to do things, it cost taxpayers money. That is it.” Ronning, “I agree 100%.”

Moegerle, “Tom is making the point that I was making back months ago. That I think we should do a 2% to 3% cut. I think you can find that money in nooks and crannies. The fact that we cut a million dollars and now we are going back up, to jerk the residents around on what their tax rates are going to be is tough. I think it almost would have been easier for us to have not done the cut and to have the contingency fund, Bob and I had at one point suggested this. One thing I think we learned this year was using interns was valuable. We got a lot of the website populated with information. And I think that was valuable. I think we can do by training people and there is cost savings in that. There is a fairly low cost of education and getting City goals accomplished. The other things is besides the reader board and the website, we got the information from Ady Voltedge.” Ronning, “I agree with Bob.”

Moegerle, “I don’t agree with Bob, but the result was different than what I was expecting it to be. All these word cloud things were not effective for me. It acts as a touchstone to say for people, here are where your priorities are. A grocery store, that is where your need is in East Bethel.” Ronning, “Who didn’t know that before?”

Moegerle, “We had everyone saying, “We got to have Target, we got to have the need for the Target. The Ady Voltedge data says there isn’t a need for Target and such, we would welcome them but we need to fill these empty niches. Knowledge is power. There are start-up costs with the EDA. I think the Comp Update Plan is way overdue. It is a requirement that it be updated every year. It isn’t who we are and who we want to be as a rural community. One of the things I have learned this year, is I think we should have, (You will have to ask Dan Butler the exact name), type of insurance that handles all employment claims. We recently had employment claims that were very costly to us. You have an employment claim and you call them and that is it. I don’t know if that is an immediate savings.” Lawrence, “I think you are regressing.” DeRoche, “If it is not on the agenda, why are we having these discussions?” Moegerle, “The other thing is we really need to talk about this Ticket Education Program. Because there is income available to us. And there is no-callback provision and I think that is something that we need to go forward with.”

Ronning, “Ady Voltedge, I was at the meeting when she made her presentation and I said this is what we used to call a dog and pony show. You don’t really tell anything, but you put on a nice show. The thing I found of value was how many businesses would recommend to people that they don’t come here. At the end, the consultant asked for everyone in the room to tell them what should be done and they didn’t tell us anything. Nothing. The EDA and the Comp Plan, the Comp Plans were updated before we had an active EDA. I don’t know how they got paid for, but they did. I am not anti-government. But, we do seem to have grown and as we have grown, we have grown our expenses. I am not saying it should be eliminated, but I don’t know that anyone is seeing what is coming from it. If we have saved \$42,000 and increment, that is good news. What I said is a meat cleaver and to me that is looking at the results and not the content. That is the wrong way of doing it. My numbers are not hard and fast, it is just if we look at some of these things. I am a Ford person. Every assembly plant in Ford had a task. You will take 3% out of your cost. And they found it. You figure there was a bottom to that pot, but there wasn’t. What I am saying, is we need to take a bigger look and see if anything was transferred to the

general fund. Thank you for your time.” Moegerle, “The comp plan was done in 2008. There was not a functioning EDA, no budget, was no levy for it. So, that came out of the general fund. So then the money is not going to come from the EDA, you have to transfer the money back to the general fund to pay for it. We can’t increase the levy. Maybe next year we allocate for it differently. I just think what was discussed about the scope of the Comp Plan update, nine months of meetings. It is going to be extensive and necessary.”

Moegerle, “Do you have direction Jack?” Davis, “I do not.” DeRoche, “I have no doubt that you are totally confused Jack, because I am too. It went way off into something that had nothing to do with this.” Davis, “We can present anything you request, but I haven’t sufficient direction as of what you want.” Lawrence, “I will give you some direction. That Tom will get up with you later on and figure out what he wants. And when you have that information, you will send it to each one of us.”

Staff Reports
– City
Administrator

Jochum, “They set the big lift station this week. They are headed north on the gravity line to the lift station that will be put out of service once the new one is online. In a couple weeks the gravity line should be done and it will be down to punch list items and clean-up things in the spring.” Lawrence, “Can you explain what is the pink line, bluish/green and black line.” Jochum, “The pink is the Met Council’s recycled water line. The green is the sewer and the black is HDV and they bore them or pull them. It is all forcemain.” Koller, “Is there any idea when this project will be done?” Jochum, “The Met Council is due at the end of July next year. We should be fairly rapped up by May of next year. Pretty soon we will be shut down for the winter.”

DeRoche, “Was that your guys out marking the street on Colleen? For the catch basin?” Davis, “It could have been the contractor or might have been the Gopher One people to locate the existing utilities.” DeRoche, “I am wondering when the catch basin is supposed to go in.” Jochum, “That is supposed to go in this week.”

Davis, “I would like to get back to the budget. We set December 4th as when we would set the final budget. We can extend it to December 18th if you so desire. The budget has to be submitted to Anoka County by the close of business on December 30th. And, unless something new comes up between now and December 18th, I think we should set a goal of December 18th to get this resolved.” Moegerle, “I think after tomorrow we will know how hard we want to look at this again.” Lawrence, “I had suggested that you (Tom Ronning) get to together with Jack and discuss your issues. And then Jack would distribute your issues to each one of the Council Members.” Ronning, “Is that an volunteer?” Lawrence, “Yes, that is a volunteer.” Ronning, “I think I have an honorable discharge.” Lawrence, “Good, you will need it. Isn’t that what you want to do, is find out information?” Ronning, “I do want to find out more information, there are some questions we haven’t asked.” Lawrence, “So you can get up with Jack whenever it is convenient, pick a time.”

Ronning, “Is this an assignment, or a follow-up?” Lawrence, “It is your project.” Ronning, “I hope it is our project.” DeRoche, “That is what it should be, is our project.” Ronning, “Either we are all in this together or not. I am because I pay taxes. My kids and grandkids are up the street, they are in it because they pay taxes.” Lawrence, “It is your lead on this particular thing, so it is your project. Once you are finished with it, you bring it back and present it to the Council and it will be our project.” Ronning, “And all I need is approval, Jack recommends and we will just nod our heads.”

Moegerle, “We had a conversation at EDA about finding additional sources of income. We

have discussed the debit side of this, but I would like to talk about the credit side. And, you were talking that there were some ideas about joint services we could provide and I think that is a very important element in getting us through this tough time. Is this the time to discuss that?" Davis, "I think it is way to preliminary to discuss at this time. But, it is always a possibility and it is something we are looking at for opportunities to do that. And, our search is not confined to the debit side of the equation. We are also looking at ways to enter into JPA's or entering into agreements with other cities to save money or provide services to them that we could charge for. These are things that we have on the radar and we have had a few discussions with a couple cities that may be interested in doing some stuff with us. We just have to find out if it is going to work for both of us."

Davis, "What are we going to do with the budget?" Lawrence, "We are continuing on. You are going to meet with Tom." Ronning, "I am a little disappointed that we lost so much interest that it is just you and me that care." Lawrence, "What are you talking about? Do you want the entire Council to show up in Jack's office?" Ronning, "That is fine with me." Lawrence, "Then we have to post it. You are the one with all the information, can't you present it to Jack and have him look it up for you?" Ronning, "Don't you have this book?" Lawrence, "I do. But, you have the one with all your notes." Ronning, "Well here it is." Lawrence, "Do you want the information or not? You are the one that has it all prepared. Do you want it? Then meet with Jack and find it out. He will go through it with you. And, get the information you need and he will e-mail it all to us. We don't have to have a big meeting with all of us." Ronning, "I hope we want the information. Yes, I want it."

DeRoche, "I kind of agree with Tom. And this is not a dictatorship. The information that whatever Tom gets, should maybe be presented in a work meeting. This is more than a two person Council, this is five people up here. And maybe that is part of the problem is one person gets information and the others get it at a Council meeting. Or they give it to someone else over the phone. I think that whatever it is, we get together have a work meeting and figure it out. This is a five person discussion on the budget." Lawrence, "He has lots of information he wants answers to. And, it is going to take Jack a lot of time to get this information." DeRoche, "What is wrong with that?" Lawrence, "Nothing. But, who wants to sit here while Jack goes and looks it up?" Ronning, "Did anybody suggest something like that? Where did you get an idea like that?" DeRoche, "He was asking for information be presented at another meeting where we were all in one place so we can all have input. It is like when anything comes up that maybe one or two people want done, and it is not done in a workshop, it is costing the citizens money, and then it comes here and all of a sudden we are supposed to vote on something." Lawrence, "We aren't voting on anything. All this information that Tom has prepared, all we want to do is see what Tom has got. And if you really want a work session, then we can call a work session. But, I want the information before calling the work session." Ronning, "This is about putting it all back on me. I will do this. Jack, I will spend as much time as you have available." Lawrence, "I want to see what you have. You don't even have any numbers of where this is coming from." Tom, "Did you miss me saying this was a meat cleaver approach and not the right way of doing things. It is a thought starter that we haven't had much of in the last three months. Does you and I putting our minds together resolve the budget stuff?" Davis, "It will be a start."

Council
Member
Report –
Ronning

Ronning, "I have some things I will postpone, but I am curious about East Bethel Properties. Soderquist is gone, is there any news we can share?" Davis, "We had a conversation with them about three or four weeks ago. They told us that they are still in the process of making their evaluation. The concrete things we know is they purchased the

property, they invested about \$100,000 for the turn lane. We are not going to call them constantly and bother them. But, we will continue to check on them periodically.” Ronning, “Did they pay up for the turn lane?” Davis, “We just got the bill from Anoka County for the second portion of it. We sent them the bill and are awaiting payment.”

Council
Member
Report –
Moegerle

Moegerle, “The Local Government Officials meeting met the last Wednesday of October. Karen Skepper has lived in East Bethel for quite a long time and she was both surprised and delighted by the facility over at Cedar Creek Ecosystem Science Reserve. We had a great turnout and the information Mary Spivey provided was great. We also heard about the issues of the water and the fact that it takes a long time to fill an aquifer. Tonight there was a meeting about the cities trying to tap the Mt. Simon aquifer. And what that will do to our water levels. I had asked that Kathy Tingelstad our legislative liaison of Anoka County to give us an update on that. Jack and I are on that list so we should have an update.”

“I think it is very important we follow up and be prepared to meet with Met Council and tell them what we want. We have the famous Star Tribune article where the Met Council says, “You have to tell us what you want so that we can work with you.” I think that is very important. At the EDA meeting Colleen said she was working towards getting a legislative meeting with our legislators. I think it was a Met Council, Metro Cities and updating everyone about our circumstances. It sounded like it would be an information meeting for those individuals, but, it also might turn into a brainstorming meeting as to how we can work with this. Again, the big issues is the sewer plant is experimental. It is a demonstrational project that Met Council benefits from so much more than we do. So there should be some sort of way of working out repayments. Met Council has come back and given us accurate projections for our population growth. Which is 5,000 in the next 20 to 30 years. Instead of the three of four times that at the time of the infrastructure. That makes a big difference, how are we going to make the demand of the ERUs?”

“On October 17th I took a look at the Springsted Bond books for the very first time. There was a document in there that I had never seen called the Signature No Litigation Arbitrage Certificate and Purchase Price Receipt. There are two of them and there may actually be a third one for the 2010 C Bonds. But the 2010 A & B bonds include a statement that says: The City will spend at least 85% of the spendable proceeds on the bonds by December 15, 2013. So, we didn’t have to spend 100% of the funds. Any funds that were left as of December 15, 2013 could have gone back to defease the bonds. It was anticipated by this document and no one, no one told us this and I am outraged. I don’t know where the responsibility lies. I think we wanted as many options available so that we could have our best chance to frame a solution to frame a solution to this infrastructure in the best possible way. And, I think this very important fact that we only had to spend 85% of the funds, as opposed to the 100% is a critical issue and fact and it would have changed all other questions that we answered. Because we were told again, and again and again and again that you must spend the money on infrastructure, capital improvements. I am horrified this happened, on our watch. Instead of saving \$1,000,000 in this refunding, we could be saving \$5,000,000. And, it just breaks my heart. I apologize to all of you, it is a shame.” Ronning, “That number you mentioned from population growth? Is that their number? And they accept that?” Moegerle, “Yes.” Ronning, “That is tremendously helpful, I think.” Moegerle, “It is a tool.”

Council
Member
Report –

DeRoche, “I would encourage everyone up here to read the League of Minnesota Cities (LMC) magazine. It deals with civility on the City Council. It got to where the LMC was going to cut them off, they weren’t getting anything done. I read it and I could have taken

Ronning

Maplewood out and put East Bethel in there. It just seems to me that every time there is a discussion, number One Heidi starts out with her take on it. When you were gone (Richard) she said that we were all going to take turns. Well, this just doesn't happen. Whether everyone wants to hear each other's thoughts or not. We need to get all the information out there. Everyone up here was elected to this spot and is supposed to be putting out their what their thoughts are on a certain subject or discussion."

"Another concern of mines, the Met Council. I personally don't think the EDA should be meeting with the Met Council. I think that is a City Council affair that we need to address with them and it is something that needs to be set-up and if it takes a workshop, so we know what we want to address with them, then that has to happen. I know there are certain people that would love to do it on their own. But, that isn't going to happen, we all have to be in on this. Some people call our meetings the comedy hours, but it an hour, it is four hours. Part of that Richard, and where the frustration comes from is if it is not on the agenda, we shouldn't be going into a 45 minute discussion on it. Our last meeting went six minutes. We adopted the agenda, put the information out there and discussed it and it was done. There was no long drawn out lobbying of anything. We hear the same stuff over and over and over. I understand you are on the EDA and you don't agree with my thoughts on the EDA and that is fine. That is fine. It isn't a bad thing. You got your opinion, Heidi has hers, Tom has his, and Ron has his. The same person has to go and beat up on it and make it a half hour dissertation."

"We need to come in here with an agenda, do the City business. If it is not on the agenda then we need to direct staff on what we need done. Maybe do it in a workshop, because I think in a workshop you can get everybody on the same page. And then come here and bring it up and vote on it. I know why I got involved in this office because of the actions of certain people and the way things go. People need their actions heard and people can't always be right. I don't care if I am always right. But, I am not going to sit up here and go on for 45 minutes. It comes down to how do you vote and when I walk out of here and someone comes up to me and says, "Bob, that was kind of a dumb vote, why did you do it?" I can say, "This is the reason why." To go into these meetings for three or four hours, you know as well as I Richard, they shouldn't last this long. I am amazed, you are a business man, your time is worth money and you just went through heart surgery. And you came back so soon and put up with the stress of this I am amazed. I really am! I am not trying to flatter anybody, but it is a stressful job. But, everybody's opinions have to be respected. And, if at some point it takes putting together a policy that says you will be civil at a Council Meeting, then it needs to happen. Because we need to move forward and get businesses and we need to be able to conduct professional City business."

"I also went to LGO meeting. Unfortunately people were talking in the back and so I couldn't hear much because my hearing is bad. If I remember correctly, Karen Skepper said she was going to setup another meeting because the Cedar Creek thing went long and the other gentleman that was talking, the Geologist went long. I went to the Joint Law Enforcement meeting, pretty cool. The safest room in the county. It was a contract signing. Are we going to be able to tap into all the counties with this? A lot of work went into this. I don't think they got paid much for this. The permit fees, I understand it takes money to run government, but we are asking a lot of people and not everyone had a job or income. They don't take vacation as much or send them to certain schools. And any little bit we can help the residents, anything we can do, we have to do it. At the assessment hearing we did a pretty good thing from what I have been hearing."

Council
Member
Report –
Moegerle

Koller, “I also went to that meeting, Bob covered that pretty good. I have also gone to a couple Watershed Meetings. Sunrise River Watershed received a large grant for carp traps on Martin, Typo and Coon Lake. The Fire Department we all heard about the air tanks that need replacing. Well apparently the County is switching radio systems around. They will need new radios within the next couple years. That will be around \$150,000. Hopefully there will be a grant out there to help us out.”

Davis, “In regards to meeting with the Met Council I have been in communication with Pat Born and they are going to send us some dates in January where they would be available to meet with us. I will furnish those as they become available. We also are going to hold a meeting at the Coon Lake Beach Community Center Monday night to discuss the possibilities of applying for a Community Development Block Grant for septic system repair in the Coon Lake Beach community. We will also be available to answer any tax or road issue questions they may have. And the final issue is we extended invitations to our legislators and Met Council to attend the Town Hall meeting. Tom Hackbarth, Julie Braastad and Ed Reynoso (Met Council) will all be present at this time.” Moegerle, “Were those notices about Monday to be delivered? I haven’t received one and I understand that they are out at the Coon Lake Market.” Davis, “I don’t know what the method of distribution was, but, we gave a stack to them and they were going to distribute. We will also put a sign out.” DeRoche, “And there was a stack at Smokey’s and it was almost gone.”

Council
Member
Report –
Lawrence

Lawrence, “I also was at the LGO meeting. Had a good meeting with the people there. We talked about the aquifers and it is a long time. The deeper they go, the longer it takes. There is concern about Minneapolis tapping, 30 wells into the Mt. Simon that is a lot of water. I am doing quite well, feeling pretty peppy. I would hope we as a Council can strive for more décor and civility within the group itself. I have been criticized for not having a good Council. I find the round table discussion is good but takes away from the spontaneity that we need to have good fluid discussion.” DeRoche, “That is fine but then the comments cannot be the same over and over and 45 minutes long and something we have already heard. Get your point out. To go on and on and lobbying doesn’t make sense.”

Adjourn

Moegerle made a motion to adjourn at 10:35 p.m. DeRoche seconded; all in favor, motion carries unanimously.

Attest:

Wendy Warren
Deputy City Clerk