

**CITY OF FRAZEE**

**PUBLIC HEARING ON THE ISSUANCE AND SALE OF HEALTH CARE  
FACILITIES REVENUE NOTES**

**PUBLIC HEARING ON THE VACATION OF 3<sup>RD</sup> STREET SOUTHWEST**

**REGULAR COUNCIL MEETING**

**JULY 16, 2007**

**Public Hearing – Issuance of Revenue Notes for the Sale of the Frazee Care Center**

A public hearing on the issuance of health care facilities revenue notes to LSS of Frazee, LLC for the purchase of the Frazee Care Center was called to order at 6:30 p.m. by Mayor Ludtke. Members present included Miosek, Ouart, Trieglaff, and Dermody.

Doug Britain, Legacy Senior Services, explained that Health Dimensions, Inc. purchased the facility three ago and they are now selling to LSS of Frazee, LLC, a non-profit organization. Health Dimensions will continue managing the operation but the sale will enable the company to re-invest approximately one million dollars into facility improvements. Legacy Senior Services is requesting the city sell two tax-exempt bond issues to finance the sale and in exchange, LSS will make payments-in-lieu-of-taxes.

Gale Kaas, Frazee Forum, asked what the improvements would be; Britain responded that there are various infrastructure and aesthetical improvements such as new wall coverings, ceilings, heating and air conditioning, roofing, and front entrance, and Administrator Marlene McGuire could provide more information.

Larry Stephenson, Public Works Superintendent, asked about the payment-in-lieu-of-taxes; Britain explained that LSS is not required per IRS code to pay property taxes but the company understands that the facility is a large portion of the city's tax revenue so they are willing to pay city fees in lieu of city taxes.

Dermody asked if LSS has done this financing in other places; Britain responded in the affirmative and that they make payments-in-lieu-of-taxes in other locations.

Ludtke asked if this is the first facility purchased in Minnesota; Britain stated that the Frazee Care Center is their first.

Having no additional public comment, the public hearing was closed.

**Public Hearing – Vacation of 3<sup>rd</sup> Street Southwest**

A public hearing on the vacation of 3<sup>rd</sup> Street Southwest was called to order at 6:45 p.m. by Mayor Ludtke.

Charlie Ramstad, City Attorney, explained that the public hearing including its proper notice is required to vacate the city's interest in a public street right-of-way and the Council will later make the determination whether to completely vacate its interest, vacate along with some rights such as a utility easement, or not vacate at all.

Kelcey Klemm, City Clerk-Administrator, explained that the street was removed last year and the street name will be reassigned to the street that was paved last year next to Frazee Auto Body.

Stephenson stated that storm water still runs down the hill where 3<sup>rd</sup> Street SW used to be; Klemm clarified that the proposed resolution retains a storm water easement on the property.

Having no additional public comment, the public hearing was closed.

### REGULAR MEETING

The regular meeting of the Frazee City Council was called to order at 7:00 p.m. by Mayor Ludtke. Council members present were Miosek, Quart, Trieglaff, and Dermody.

#### Open Forum

Rita Stelzer and Barb Miller, Turkey Days co-chairs, were present to request street closings for Turkey Days.

Rod Osvold discussed the upcoming motorcycle fundraiser ride set for the Saturday of Turkey Days and explained that the proceeds will go towards a veterans' memorial to possibly be placed in RL Frazee park.

Rachel Rabideaux was present to request assistance in the spraying of weeds along her mother's property line that abuts the railroad along West Main Avenue and stated that the traffic in front of her mother's house is very fast.

Carey Alger, operator of Frazee Restaurant & Bar, wanted to discuss an email sent by Dermody that questioned the appropriateness of a motorcycle ride during Turkey Days. Dermody explained that the comment was regarding the appropriateness of a proposed beauty contest that was to be held in conjunction with the event and public safety concerns associated with the bike ride such as traffic congestion. Alger explained that the events have been changed since the initial promotional flyer and better communication should be sought regarding such events.

#### Consent Agenda

MOTION by Quart, seconded by Miosek, to approve the consent agenda items as follows:

- Approve a raffle permit for the Frazee Sportsmen's Club.
- Approve a raffle permit for the Frazee Grid Iron Club.
- Approve the minutes from the June meeting.

- Approve the City bills for payment.
- Approve the Liquor Store bills for payment.

All present in favor, motion carried.

#### Staff Reports

Karen Hanson provided a Rescue Squad report that included 16 calls, 58 call hours, and 10 training hours for the month of June.

Paul Thon, Fire Chief, reported 2 calls, 34 call hours, and 55 training hours for the month of June.

Larry Stephenson, Public Works Superintendent, reported 4,286,000 gallons of water pumped and 3,210,000 gallons treated at the wastewater treatment plant for the month of June; infiltration started this month; more curb painting is being planned; the water line and pump has been fixed at the cemetery costing about \$900; and the Lakeside Cemetery Association has requested a new shed be built for the mower with an estimated cost between \$2500 to \$3000 for materials. City Clerk-Administrator Kelcey Klemm stated that the cemetery fund had approximately \$8000 at the start of the year; Ouart suggested waiting until next year so that it could be figured into the budget; Stephenson suggested that maybe the foundation could be done yet this year.

Mike Lorsung, Police Chief, reported 353 calls for the month of June; he will be attending a child safety seat certification course; and extra staff is scheduled for Turkey Days including volunteer auxiliary staff.

Jonathan Smith, Liquor Store Manager, provided a report including the monthly financials, the events scheduled for Turkey Days, and all weekends in August are booked for the Event Center except for the first.

#### Old Business

City Attorney Charlie Ramstad provided a brief overview of the documents and stated that they appear to be in order. Klemm and Ramstad explained the payment-in-lieu-of-taxes (PILOT) agreement and discussed what method should be used to calculate the payment.

Trieglaff wanted to clarify that state statute allows health care facilities to be tax-exempt and it is not the City granting the tax exemption; Ramstad concurred that IRS code provides for an entity to be tax exempt and state statute correspondingly provides for property tax exemption.

MOTION by Dermody, seconded by Trieglaff, to approve Resolution No. 0716-07A1, giving preliminary approval and referring the proposal to the Minnesota Department of Employment and Economic Development for approval. All present in favor, motion carried.

MOTION by Ouart, seconded by Miosek, to approve Resolution No. 0716-07A2, approving the issuance and sale of health care facilities revenue notes in the aggregate amount not to exceed \$5,000,000 and authorizing the execution of documents. Ludtke

stated that the PILOT still needs to be agreed upon and prefers an annual assessment to account for a change in value of the property.

MOTION by Ouart, seconded by Miosek, to amend the motion to include a provision in the PILOT agreement that the payment is guaranteed for 20 years. All present in favor, amendment carried. All present in favor, motion carried.

MOTION by Miosek, seconded by Trieglaff, to approve Resolution No. 0716-07B, vacating 3<sup>rd</sup> Street Southwest. All present in favor, motion carried

MOTION by Dermody, seconded by Ouart, to approve Resolution No. 0716-07C to establish 3<sup>rd</sup> Street Southwest as the street located next to Frazee Auto Body. All present in favor, motion carried

#### New Business

Klemm stated that three proposals were received to provide bidding documents on the demolition of the Swift Redevelopment site.

MOTION by Miosek, seconded by Trieglaff, to approve the proposal from Midwest Environmental Services to provide the demolition specs on the Swift project at an estimated cost of \$2650. All present in favor, motion carried

Klemm explained that an easement from Terry Larson is necessary to make improvements to the existing gravel alley behind the grocery store and Larson has requested payment of \$3000 in exchange.

MOTION by Dermody, seconded by Trieglaff, to approve the purchase of the easement for the cost of \$3000. All present in favor, motion carried

Klemm explained the cost associated with obtaining a lease from the railroad to make improvements to the existing gravel alley and that an appraisal would be necessary to refute the cost.

Klemm highlighted the main points of the guidelines for the Small Cities Development Program which includes three different sets of guidelines for owner-occupied, rental, and commercial rehab.

MOTION by Trieglaff, seconded by Ouart, to approve the SCDP guidelines. All present in favor, motion carried

Lorsung provided pictures of the nuisance violations existing at 109 5<sup>th</sup> Street NW owned by John, Marie, and Jason Mowers.

MOTION by Ouart, seconded by Trieglaff, declaring the weeds, inoperable and / or unlicensed vehicles, tires and rims, shelving, building materials, logs, log splitter, broken tree limbs, floor jack, disabled trailers, unregistered boat, and garbage as shown in pictures taken by Officer Nelson existing at 109 5<sup>th</sup> Street NW are a nuisance affecting health and safety as cited by Ordinance No. 111, Section 4, Subsections 13 & 14, and the property owner has until July 24, 2007, to remove the violation and failure to do so will cause the City to either abate the nuisance and assess the cost against the property owner or refer the matter for criminal prosecution at its option. All present in favor, motion carried.

#### Councilmember Reports

Trieglaff provided a Planning Commission report on its first meeting where the meeting date was set for the last Thursday of every month; Lorsung and Geiselhart were appointed chair and vice-chair, respectively; and they discussed their plans and goals for the commission.

Trieglaff stated that he has reviewed ordinances from other cities that restrict what can be placed in the front and side yards and the city should consider such an ordinance to put an end to the ongoing nuisances in town.

MOTION by Miosek, seconded by Dermody, to approve Resolution No. 0716-07D expressing acceptance of and appreciation for the donations provided in support of the 4<sup>th</sup> of July fireworks. All present in favor, motion carried

Clerk-Administrator

MOTION by Dermody, seconded by Trieglaff, to approve the 3.2 off sale liquor license and cigarette license for HCTJ, Inc. d.b.a. Frazee Family Foods. All present in favor, motion carried

Having no further business, motion by Miosek to adjourn, meeting was adjourned.

ATTEST:

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Kelcey Klemm, City Clerk/Treasurer/Administrator