

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, OCTOBER 24, 2005**

The meeting was called to order by Mayor Alan E. Oberloh at 7:00 p.m., in the City Hall Council Chambers with the following Aldermen present: Leland Hain, Roger E. Nelson, Bob Petrich, and Mike Woll. Honorary Council Person: Pat Remme. Absent (excused): Lyle Ten Haken.

City Staff present: Bob Filson, City Administrator; Dwayne Haffield, Director of Engineering; Brad Chapulis, Director of Community/Ec Development; and Karen Buchman, City Clerk.

Others present: Darrell Stitt, KWOA Radio; Ryan McGaughey, Daily Globe; Glenn Thuringer, WREDC; Rick Goodeman, Southwest Minnesota Housing Partnership; and Jay Trusty, Southwest Regional Development Commission.

**HONORARY COUNCIL PERSON**

Mayor Oberloh welcomed Pat Remme and presented her with a certificate for her participation as the Honorary Council person for the months of September and October. She thanked Council for the opportunity to serve. She noted what a major responsibility it is to be a Council member and that she respects each and everyone.

**LOCAL GOVERNMENT RESOLUTION APPROVED**

Pursuant to published notice, this was the time set for the public hearing pertaining to sponsoring an application of the Southwest Minnesota Housing Partnership for \$325,000 of Small Cities Development Program monies that is available through the Minnesota Department of Employment and Economic Development (DEED) for its Central Commons (Central Elementary) Redevelopment Project. The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to open the hearing. Brad Chapulis, Director of Community/Economic Development, gave a presentation on the project noting that the Housing Partnership, which has recently acquired the property from ISD #518, is proposing to convert the former elementary school into a mixed use facility (residential and commercial/office). The estimated project cost is \$2,846,626. The Mayor opened the floor for testimony and Rick Goodeman of the Southwest Minnesota Housing Partnership gave a brief description of the proposed project and explained budget dollars. It was noted that at this point local pledges are at \$160,000 of the \$350,000 they are seeking. They have until July of next year to submit or not submit grant application.

Following a discussion where the major concern was there any liability to the city the motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to close the hearing. The motion was then made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve sponsoring the Housing Partnership's Small Cities Application by adopting the following resolution:

LOCAL GOVERNMENT RESOLUTION

RESOLUTION OF APPLICANT

BE IT RESOLVED THAT THE City of Worthington act as the legal sponsor for project(s) contained in the Business and Community Development Application to be submitted on November 1, 2005 and that the Mayor and the City Administrator are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Worthington.

BE IT FURTHER RESOLVED that the City of Worthington has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Worthington has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Worthington may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that the City of Worthington certifies that it will comply with all applicable laws and regulations as stated in all contract agreements as described in the Compliances Section of the Business and Community Development Application.

NOW, THEREFORE BE IT RESOLVED that the Mayor and the City Administrator are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the project(s) on behalf of the applicant.

#### **AGENDA APPROVED**

The motion was made by Alderman Hain, seconded by Alderman Nelson and unanimously carried to accept the agenda as presented with the addition of F5 Memorandum of Understanding.

#### **MINUTES APPROVED**

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to accept the Regular City Council minutes of October 10, 2005 as previously distributed.

#### **MINUTES OF BOARDS AND COMMISSIONS**

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to accept for review the Economic Development Revolving Loan Fund Committee minutes of October 21, 2005; and Worthington HRA minutes of September 8, 2005.

#### **APPROVED MINOR SUBDIVISION - PRAIRIE VENTURES, LLP**

Prairie Ventures, LLP of Worthington, MN, requests the approval of a minor subdivision of Lot 1,

Block 1 of Prairie Expo First Addition, which consists of 31+/- acres. The approval will subdivide the subject property into three parcels.

Upon recommendation of the Planning Commission who considered this item at their special meeting earlier today, the motion was made by Alderman Hain, seconded by Alderman Nelson to approve the minor subdivision as requested with the following conditions: 1) That the subdivision dated October 21, 2005 be the plat that is recorded within 60 days; 2) Within 10 days after that we receive a recorded copy. Council discussed the subdivision of this property and whether or not Plat A could be sold for a purpose other than Bio Science which they felt was the intent of the area. The motion was amended to approve the minor subdivision as requested and to refer to legal counsel consideration whether the intent is for Bio Science. The following voted in favor of the motion: All. Whereby the Mayor declared, the motion passed.

**REVOLVING LOAN FUND APPLICATION - NEWPORT LABORATORIES APPROVED**

Newport Laboratories, Inc. of Worthington, Minnesota, has requested approval of a revolving loan in the amount of \$100,000 to assist in their construction of an 11,000 square foot facility directly east of their parent company's headquarters at 1520 Prairie Drive. Newport Laboratories is the livestock vaccine manufacturing and diagnostic service arm of the Prairie Holdings Group (PHG), which is a consortium of agricultural based companies. The Companies under the Prairie Holdings Group umbrella include Newport Laboratories, VMC Laboratories, Veterinary Medical Center/Prairie Livestock Supply, Precision Nutrition Inc., Propig/Procattle-Horizons.com, Production Health Associates/TLC2, Buffalo Ridge Pork, Lime Creek Ag Services, Prairie Ventures and IDE@S.

Newport Laboratories, as part of the project, will be acquiring 8 acres of land directly east of the Prairie Holdings Center from Prairie Ventures, LLP. The new facility will house the company's Research & Development, Diagnostic Services and Quality Control Departments, which are currently located in three different facilities. The new facility will also contain laboratory space that will be utilized by Minnesota West for their Lab Tech Training Center program. The estimated total cost for the project is \$1,575,000. The proposed financial structure is as follows:

Equity	\$ 475,000		30.00%
Bank Loan	\$ 800,000	@6% for 240 mo. (20 years)	51.00%
Ag Board	\$ 200,000	@2% for 120 mo. (10 years)	13.00%
<u>City RLF</u>	<u>\$ 100,000</u>	@1% for 60 mo. (5 years)	06.00%
Total	\$1,575,000		

Upon recommendation of the Revolving Loan Fund Committee who considered this application at their October 21 meeting, the motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the loan with the following conditions:

1. Loan Terms: \$100,000 for 5 years @ 2% interest;

2. Insurance illustrating the City as lost payee;
3. The creation of 6 full-time equivalent jobs with a wage not to be less than \$10.00/hour. The jobs must be created within 2 years from the date of completion of the project;
4. Require a third lien position on the real estate and pro-rata personal guarantees;
5. Approval and commitment of all participating lenders;
6. Applicant pay for attorney's fees affiliated with the closing costs of the project, which include the drafting and filing of applicable documentation.

### **LOAN AGREEMENT - WORTHINGTON HRA APPROVED**

In 1995, the City of Worthington and Worthington HRA jointly issued \$1,005,000 of general obligation bonds to finance the construction of a 16-unit market rate multi-family development known as Prairie Acres, which is located at 795 Lucy Drive. The bonds were structured for 30-year payback with a balloon payment ("redemption period") for the outstanding balance, which is to take place by no later than December 31, 2005. The outstanding balance of the bond is \$893,515.43.

Over the past several months, City and HRA staff have worked with the City's financial advisors (Springsted) to market the refinancing package to the private sector. It was determined that without an annual subsidy between \$15,000 - \$30,000+ (most likely from the City), the financial package would not obtain the debt/coverage ratio necessary for private sector lending. Without a private lending option, staff began to investigate the possibility of internally financing the loan.

After several joint worksessions between the City Council and HRA Board, Council directed staff to draft a loan agreement for this project. The HRA Board approved the loan agreement at a Special Board Meeting on October 20, 2005.

Following a discussion the motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to proceed with the loan and authorize the following:

1. Mayoral execution of the Loan Agreement
2. Disbursement of \$893,515.43 from the Undesignated-Unreserved Fund for payment to the Bond Trustee.

### **MEMORANDUM OF UNDERSTANDING APPROVED**

A proposed Memorandum of Understanding between the City of Worthington and Calcigen Corporation was presented. The document describes the transactions required to assure the company's relocation to Worthington. Following is a summary of the City's participation proposed for the project:

***Land and Facility*** - The City would construct a 15,000 square foot building within the City's Bioscience Park that would be leased to Calcigen. The terms of a lease agreement would be negotiated once all parties have executed the MOU. The company would have the option to

purchase the building and land at any time. The land portion of a sale would be financed through the City's forgivable loan program established for purchasing Industrial Park property.

***Assist with the Application to the Minnesota Investment Fund*** - The City, with the help of WREDC, will assist the company with the completion and submission of an application for Minnesota Investment Funds through the Minnesota Department of Economic and Employment Development.

***Authorize JOBZ designation*** - Job Opportunity Building Zones (JOBZ) is a local/state program that provides qualified businesses certain local and state tax exemptions to expand and/or relocate their operations into a designated area. Upon execution of the MOU, the City Council is agreeing to apply the JOBZ designation towards the project once the applicant meets the definition of a qualified business as defined by the State of Minnesota. Final approval of the JOBZ designation will occur at a later date after a public hearing required by State Statute is held.

Alderman Hain asked if we have to give the whole 50 acres JOBZ. Brad Chapulis explained that the whole 50 acres is in a JOBZ zone, however, a development does not receive the designation unless approved by Council and an executed document is completed by the City, the Company, and the State. Following discussion the motion was made by Alderman Woll, seconded by Alderman Petrich to participate in the proposed project and authorize the Mayor to execute the MOU as presented. The following Aldermen voted in favor of the motion: Petrich, and Woll; with the following Alderman voting against the same: Hain and Nelson. Whereby due to a tie vote the Mayor voted in favor of the motion and declared, the motion passed.

#### **RESOLUTION ADOPTED REAPPORTIONING ASSESSMENTS**

Due to a recent realignment of the property line between the southeasterly portion of the Nobles County Fair Association property (fairgrounds) and the property along the west side of McMillan Street immediately south of Walmart's First Addition makes it necessary to reapportion the special assessments for Storm Sewer Improvement No. 26 levied against parcels as previously owned. The assessments are being petitioned to be reapportioned to the properties in the same manner they would have been levied at the time the improvements were originally assessed. The storm sewer assessment was levied, and its reapportionment is petitioned for on an area basis.

Following discussion the motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to pass the following resolution reapportioning the assessments in the manner petitioned:

#### **RESOLUTION**

#### **REAPPORTIONING THE SPECIAL ASSESSMENTS FOR STORM SEWER IMPROVEMENT NO. 26**

WHEREAS, On August 11, 2005, the unpaid balances of the special assessments for Storm Sewer

Improvement No. 26, heretofore levied upon the following described property, as shown on the assessment records of the City of Worthington, were as follows:

That part of Outlots 8 and 9 of Auditor's Outlots 1-12 in Section 14, Township 102, Range 40, described in Documents numbered 143110, 174447, and 211196, except those parts described in Documents numbered 189598, 192098, and 199760.

304,000 sf	\$5,165.87
284,600 sf	<u>\$4,035.49</u>
	\$9,201.36

Outlot 10 of Auditor's Outlots 1-12 in Section 14, Township 102, Range 40

5,940 sf	\$0.00
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The north 59 feet of Outlot 11 of Auditor's Outlots 1-12 in Section 14, Township 102, Range 40

7,788 sf	\$0.00
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and

WHEREAS, The aforementioned property has been rearranged; and

WHEREAS, By petition filed with the city on October 17, 2005, the owners of said property now petition that said special assessments levied upon said real property be reapportioned among the following described properties pursuant to the approved realignment of lot lines in of the aforementioned property in said Auditor's Outlots 1-12 in Section 14, Township 102, Range 40, in the City of Worthington, Nobles County, Minnesota; and

WHEREAS, The reapportionment of the special assessments as petitioned for will not materially impair collection of the unpaid balances of the assessments against said property.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WORTHINGTON, MINNESOTA:

1. That the special assessments for Storm Sewer Improvement No. 26, heretofore levied upon said property as noted above, be reapportioned and spread among the following described properties in the following manner and amounts; viz:

Lot 10 and the north 59 feet of Lot 11, Auditor's Outlots 1 to 12 in Section 14, Township 102, Range 40, City of Worthington, Nobles County, Minnesota.

Together with

That part of the Lot 9 of Auditor's Outlots 1 to 12 in Section 14, Township 102 North, Range 40 West, City of Worthington, Nobles County, Minnesota, described as follows:

Beginning at the northwest corner of Lot 10 of said Auditor's Outlots 1 to 12, according to the recorded plat thereof; thence South 0 degrees 00 minutes 36 seconds East, along the east line of Lot 9 of said Auditor's Outlots 1 to 12, a distance of 343.80 feet to the north right of way line of Stower Street, as recorded in Document No. 192098; thence South 89 degrees 05 minutes 26 seconds West, along said north right of way line, a distance of 50.00 feet to an iron monument; thence North 0 degrees 00 minutes 36 seconds West a distance of 210.08 feet to an iron monument; thence continuing North 0 degrees 00 minutes 36 seconds West a distance of 134.00 feet to an iron monument located on the westerly extension of the north line of said Lot 10; thence North 89 degrees 24 minutes 31 seconds East, along said westerly extension, a distance of 50.00 feet to the point of beginning, containing 0.395 acres, subject to easements now of record in said county and state.

Storm Sewer Improvement No. 26 (#31227)

17,196 sf	\$292.21
17,196 sf	<u>\$243.83</u>
	\$536.04

That part of Outlots 8 and 9 of Auditor's Outlots 1-12 in Section 14, Township 102, Range 40, described in Documents numbered 143110, 174447, and 211196, except those parts described in Documents numbered 189598, 192098, and 199760.

And Except

That part of the Lot 9 of Auditor's Outlots 1 to 12 in Section 14, Township 102 North, Range 40 West, City of Worthington, Nobles County, Minnesota, described as follows:

Beginning at the Northwest corner of Lot 10 of said Auditor's Outlots 1 to 12, according to the recorded plat thereof; thence South 0 degrees 00 minutes 36 seconds East, along the east line of Lot 9 of said Auditor's Outlots 1 to 12, a distance of 343.80 feet to the north right of way line of Stower Street, as recorded in Doc. No. 192098; thence South 89 degrees 05 minutes 26 seconds West, along said north right of way line, a distance of 50.00 feet to an iron monument; thence North 0 degrees 00 minutes 36 seconds West a distance of 210.08 feet to an iron monument; thence continuing North 0 degrees 00 minutes 36 seconds West a distance of 134.00 feet to an iron

monument located on the westerly extension of the north line of said Lot 10; thence North 89 degrees 24 minutes 31 seconds East, along said westerly extension, a distance of 50.00 feet to the point of beginning, containing 0.395 acres, subject to easements now of record in said county and state.

Storm Sewer Improvement No. 26 (#31227)	
286,804 sf	\$4,873.66
267,404 sf	<u>\$3,791.66</u>
	\$8,665.32

2. That a copy of this resolution be filed in the Office of the City Clerk with the assessment rolls pertaining to the assessment.

**RESOLUTIONS NO. 3082 - 3085 ADOPTED, DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF REPORTS ON IMPROVEMENTS**

Four petitions were presented for the following public improvements:

- 1 & 2 Cecilee Street and Donavon Drive Surfacing
- 3 Improvement of Castlewood Drive by Street, Sewer, and Water Extensions
- 4 Block 21 Alley Improvement - Televising of the mains in the subject alley was recently initiated to allow for consideration of the petitioned improvement to allow for construction in 2006 if feasible and approved. The televising did reveal the need for reconstruction of the sanitary sewer main. The reconstruction of this segment of sanitary sewer is not currently included in the Five Year Capital Improvements Program (CIP). Whereas the CIP often involves coordination of sanitary sewer, storm sewer, water main and/or street projects, the applicable budgets become dedicated to specific projects for one or more years into the future. Although it is not possible to commit to the sewer reconstruction as early as 2007, it is appropriate to address the petition and allow for consideration of the project for completion under an extended schedule. Priority of the sewer reconstruction project would be dependant upon the need to surface the alley.

The motion was made by Alderman Woll, seconded by Alderman Petrich to accept the petitions and pass the corresponding resolution declaring adequacy of petition and ordering preparation of reports on the improvements. The following Aldermen voted in favor of the motion: Hain, Petrich, and Woll; the following Alderman voted against the same: Nelson. Whereby the Mayor declared, the motion passed.

RESOLUTION NO. 3082



DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF  
FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution file for complete copy of Resolution)

RESOLUTION NO. 3083

DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF  
FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution file for complete copy of Resolution)

RESOLUTION NO. 3084

DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF  
FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution file for complete copy of Resolution)

RESOLUTION NO. 3085

DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF  
FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution file for complete copy of Resolution)

**ADOPTED A POLICY REGARDING THE USE OF CITY PROVIDED CELL PHONES**

Members of staff attended a League of MN Cities training session pertaining to technology issues and the League recommended adopting this type of policy. Issues of personal phone use and use of a cell phone while driving could possibly raise political and/or tort liability issues for the city that could potentially become lawsuits or unnecessary distractions. We currently require reimbursement for personal phone use based upon actual minutes used, but it has never been reduced to writing until now. Following a discussion the motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to adopt the Cellular Phone Use Policy as presented.

**APPLICATION FOR TEMPORARY ON-SALE BEER LICENSE APPROVED**

The motion was made by Alderman Woll, seconded by Alderman Petrich to approve the following application for a temporary on-sale beer license for the period from 5:30 p.m. to 9:30 - .m., Tuesday, November 15, 2005 contingent upon receiving the Liquor Liability Insurance:

College Commons Area - for their annual meeting.

Following a discussion the following Aldermen voted in favor of the motion: Petrich and Woll; and the following Aldermen voted against the same: Hain and Nelson. Whereby due to a tie vote the Mayor voted in favor of the motion and declared, the motion carried.

### **COUNCIL REPORTS**

Mayor Oberloh reported on the visit by the City of Apple Valley. They were amazed with what goes on in our part of the state and with the similarities we share. They would like to see this exchange continue. Tomorrow there will be an E.O. Olson meeting.

Alderman Hain - nothing other than Planning & Zoning issues dealt with earlier.

Alderman Petrich - nothing - there was no Water & Light Commission meeting last week

Alderman Nelson - the Worthington HRA and that was discussed earlier

Alderman Woll - nothing particular - Hospital Board is also going through the budget process

### **CITY ADMINISTRATOR REPORT**

Bob Filson spoke briefly about a meeting he had earlier in the day with Glenn Thuringer regarding a spec building.

### **BILLS PAYABLE**

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried that the bills payable and totaling \$760,900.94 be ordered paid.

### **ADJOURNMENT**

The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to adjourn the meeting at 8:17 p.m.

Karen Buchman  
City Clerk