

MINUTES OF THE REGULAR COUNCIL MEETING

Date: August 11, 2011

The Council meeting was called to order by Mayor John Schaaf at 7:05 p.m. at the Community Meeting Room, 100 Village Center Drive, Suite 150, City of North Oaks, Minnesota. Present were Council members Gregg Nelson, Marty Long, Bruce Ackerman., Tim Dunleavy and Mayor John Schaaf. Also present were City Administrator Melinda Coleman, City Attorney Dave Magnuson, Recording Secretary Linda Hanson, and Videographer Kevin Scattum.

Pledge of Allegiance

Citizen Comments: None

Two citizens were present to find out the process for approval to remove buckthorn from their property. City Administrator, Melinda Coleman, met with them privately about the process they need to follow to get this approval.

The Consent Agenda was read for the video record by Tim Dunleavy. The Mayor made a motion to approve the Consent Agenda and it passed unanimously.

Consent Agenda

1. Minutes of the Regular Council Meeting July 14th 2011 for approval
2. Planning Commission Minutes July 28, 2011 for approval
3. Licenses for Approval: **Mechanical Contractors:** Residential Heating & Air, Walter Mechanical, St.Paul Plumbing & Heating, Vito Mechanical
 General Contractors: Mattco Excavation
 Sewer/Water Installation:
 Arborists:
4. Claims for Approval: Check # 9646-9683.
5. Staff Temporary Pay Adjustments

The mayor made a motion to pass the consent agenda; it passed unanimously.

Petitions, Requests & Communications

None

Unfinished Business

Shoreland Ordinance Amendment

A motion was made by Council Member Tim Dunleavy and seconded by Council Member

Marty Long to put the Shoreland Ordinance Amendment 102 back on the table for discussion. The motion passed unanimously.

Council Member Bruce Ackerman was asked to read the amendment. There were minor changes in the punctuation of the Amendment (see attachment for the corrected version).

Tim Dunleavy made a motion to open this amendment for discussion. Gregg Nelson seconded the motion and it passed unanimously.

Council Member Bruce Ackerman explained the part of the original amendment that was removed and the minor changes that needed to be done to clean up the amendment. The Mayor asked for a clarification of the date and it was established as the 11th of August.

The purpose of this amendment is to make it easier and less expensive for homeowners to clean up the shoreland without needing a Conditional Use Permit. In addition, protections established in the original amendment needed to be retained.

The mayor requested that the motion include the condition that Council Member Ackerman make the revised copy that will then be passed on to the City Attorney, David Magnuson to correct the final version.

The motion passed unanimously.

New Business

1. Lake Gilfillan Project Finance Plan

City Administrator Coleman asked Doug Green from Springsted to go over the financial plan for the Lake Gilfillan Project. She stated that a motion was needed tonight to move the project forward.

The Mayor asked the City Attorney Mr. Magnuson for a brief history of the project.

Mr. Magnuson explained that this project came about when residents were upset with the low levels of Lake Gilfillan and the effect this had on their property values. Over a decade ago, a decision was made by an order from the Department of Natural Resources to stop the artesian well that fed the lake. At this time the lake began to deteriorate and has continued to get worse. Cities under the MN Stat. 429 are allowed to do public improvements funded by municipal borrowing either in the form of a loan or by selling municipal bonds and then later the cost is recovered by assessments paid by the homeowners.

In this situation, almost all on the 41 residents surrounding Lake Gilfillan have indicated agreement to this assessment.

Mr. Magnuson expressed the need to finalize the financial plan to move forward on this project.

Doug Green from Springsted, Inc. went over the timeline (which begins now and goes through next year) and the options for financing. He discussed two options: private placement with US Bank or issuance of municipal bonds publicly. Because of the nature of the project, the length of the project, and the fact that it is going to be 100% assessed, Mr. Green felt that the first proposal was the best option. The option includes a draw down construction loan and then when final project costs and pre-paid assessments are known, the assessments can be determined. At that time a loan would be taken out for a ten year term. It is a tax exempt loan with interest paid semi-annually (Feb 1st & Aug 1st) and the principal paid annually on February 1st.

Under state statues a city needs to assess 105% of the debt service to guard against delinquency. The assessments are usually set 1 to 2 percent above the borrowing rate to cover this 105%.

The terms are a commitment by US Bank with funds available now. The agreement is for a loan up to \$900,000, with a one year construction period interest rate of 5.23% followed by a ten year loan. Also, there is an up-front fee administration cost of \$3,000 and a \$3,000 legal documentation fee.

The interest rate risk with the term portion of the loan is determined by the 10-year Treasury at the time of the loan. It is a fully callable loan and will be monitored over the next year. The cost for a fully flexible callable loan is 40 basis points.

The amount projected for construction is \$850,000 with a projected \$20,719 assessment cost to the 41 homeowners. If financed over time, the yearly cost would be approximately \$2,730.00.

Council Member Ackerman brought up a correction to the interest rate of 5.23% mentioned in the document that should be 4.69%. The error was noted.

Council Member Dunleavy had three questions of concern:

1. Is this unusual for a city to finance a project this way?
2. What is the risk to the city?
3. Is this considered a risky way to finance compared to other options?

Mr. Green explained that cities often do this kind of financing and is being done by neighboring cities. The risk to the city would be non-payment by the property owners, but this usually gets made up over time and eventually must be paid. The risk is based on the credit worthiness of the property owners. It is considered a small project in comparison to the size of the city.

Council Member Nelson asked about other financing options. Mr. Green explained that typically a city would finance by selling bonds. Both options however have pros and cons, but after an evaluation by Springsted, City Administrator Coleman and City Attorney Dave Magnuson, they believe this is the best option allowing for the flexibility needed and for the protection of the homeowners involved.

Council Member Ackerman asked who would own the bonds and Mr. Green responded that they would be held by US Bank. City Administrator Coleman stated that a legal review required by US Bank was done by Briggs and Morgan.

Council Member Long asked when the interest would begin and was told that it would begin when we started to draw it down and only on the amount taken.

The first draw would pay for engineering costs, legal fees with the North Oaks Golf Club and Mr. Magnuson, and consulting work done by Springsted that has already taken place. There will be further draws in October for construction. The Mayor explained that the work would begin in fall and would not be ready to be tested until next spring. Mr. Dunleavy wanted to be sure that these draws would be fully transparent and Ms. Coleman stated that they would be as all payments would be approved by the Council.

The hope is to get the work started as soon as possible. The Mayor stated that at the meeting with residents in July it was explained how the financing would take place; the expectation was that it would cost more money for both the project and the interest than what was presented at that meeting.

Mr. Dunleavy made a motion to approve the Lake Gilfillan Project Finance Proposal by US Bank, presented on August 11, 2011 with the change on page two, paragraph two of the 4.69% interest rate correction and adding **under the management of North Oaks**. Gregg Nelson seconded the motion and it passed unanimously.

Mr. Green was thanked for his work.

Council Member Reports

1. Tim Dunleavy

- Lake Johanna Fire Department Meeting: Discussions included expenditures and thoughts for future needs. There is a five year plan in place with all the cities in agreement.
- The Finance Committee: They are beginning bi-monthly meetings to prepare the budget for the preliminary levy scheduled for September 8th. A large percentage of the budget is already fixed.
- Ramsey County Sheriff found a van selling magazines and he encourages all homeowners to report these violations. Eight citations for trespassing were issued in this case as well as three criminal violations.

2. Bruce Ackerman:

- NOHOA – He attended the meeting on August 4th.
 - The Garden Club wanted input from the homeowners as to what projects they would like to see done. They have accumulated \$20,000 which they need to spend to keep their charitable status. Mark Azman will be the point person for this.
 - Currently there are three projects are underway:

1. South Pointe Fencing
2. East Rec Center Improvements
3. Deer Hills Tennis Wall

The West Rec Center Project was also discussed and it looks like it will be a \$1.9 to \$2.6 million dollar project.

They also adopted a Code of Conduct for NOHOA candidates.

They are evaluating long term needs for office staff. No decisions were made.

Home of the Good Shepherd has hired a marketing firm and is waiting for responses from developers.

The Clean-Up Committee was discussed. Mark Azman stated that volunteers do much of this and the ASC also is part of this effort. Mr. Ackerman stated that he hoped NOHOA would continue to keep this up. They also talked about televising their work sessions.

3. Marty Long:

- VLAWMO- Now that we have an updated Shoreline Ordinance, he wanted residents to know there is some money available for helping with this; residents should check the website for information.

He also mentioned that the obsolete tanks from Pleasant Lake are sitting by the dock and the new ones will be installed to pump air which will reduce odor and treatment cost and improve water clarity.

- NRC – Met August 8th and it was well attended. He stated we need this extra group to assist the City Council. A mission statement centering around the education and speakers who will be televised was discussed. The first speaker will be on Tuesday, September 5th and it will be televised. Notice will appear in the North Oaks News.

The city would also like to coordinate with Shoreview on the AEB.

They are also researching educational video ideas.

The Mayor stated the value Mayor Watson offered to get this committee off the ground.

4. Gregg Nelson:

The Planning Commission: They met on July 28th, 2011 and all were present.

They discussed the Shoreland Ordinance and it was approved and sent on to the City Council for final approval.

The Pool Ordinance and upcoming lawsuit was also discussed. The League of MN Cities is defending the city.

An update was given on the Lake Gilfillan Project and the Sarpal Case.

Mayor John Schaaf

- The Mayor reminded the public that at the next meeting a preliminary tax levy will be set. It is usually set at its maximum rate and then the budget will be

worked through and the final number will be set in December. More work sessions will be needed for this.

- The Night to Unite was a week ago last Tuesday. Unfortunately, the Mayor was not aware of one event at Deer Hills. The mayor and his wife Jeanne did attend the other three (at the Spraitz, Burdicks and Campbells) and enjoyed each one. He also appreciated the participation of the Ramsey County Sheriff, the Lake Johanna Fire Department and the Alliance Allina Ambulances for adding to the evening.
- The Mayor attended the NOHOA meeting: Operation Clearview email blast was completed. It is important to the city to clear foliage out of the roads before winter.
- The city administrator, building inspector, and the mayor met with a building representative of the Home of the Good Shepherd. One party is interested in the property at this time. North Oaks has the right of first refusal on this property. The city will be involved with the rezoning and re-plotting.
- St. Paul Regional Water Authority will hire a new consultant to help with the Pleasant Lake project. Residents will be included in a discussion once plans have been made. What is discussed so far is for an oxidation system to be put on the bottom of the lake and the system will take about five years to remediate the situation.
- The pump house will not be torn down until the community has had a chance to give input on what to do with it.
- The mayor was invited to the Vikings Training Camp in Mankato on Tuesday. The Ramsey County invited 17 people to go and meet the Viking Senior Management around the new stadium site in Arden Hills. Ziggy Wilf made it clear that the Arden Hill site is his intention and that it would become a destination used every day.
- The mayor also pointed out the draft resolution done by the City of Little Canada and he suggested the city might want to look at this and do a similar resolution supporting the new site for the stadium.
- The mayor also took a tour of the new stadium site.

Administrator Reports

- City Administrator Coleman acknowledged the good work done by administrative assistant, Linda Hanson and updated the Council about the process for hiring a second part-time assistant. There were 41 applicants with over half highly qualified. Five were interviewed and Maureen Geier was selected after meeting with the Mayor and Council Member Ackerman. She will begin August 15th and is expected to learn quickly and be a good fit in the organization.

Bruce Ackerman moved to approve the appointment of Ms. Geier and the motion was seconded by Gregg Nelson. The motion passed unanimously.

- Prosecuting Attorney RFP: Ms. Coleman sent out a draft and a list of potential attorneys for the recruitment process.
- The Budget Expense to Actual has been updated. She discussed what we yet expect to receive from Ramsey County for property taxes and a remainder of recycling assessment. So our balance will be closer to \$950,000. We have spent about \$142,000 a month and have enough money in the General Fund to complete this year.
- The 2012 Budget: The levy must be published by September 15th. We will also need to set a public hearing to give residents a chance to have input into the budget. It must occur after November 24th after 6:00 PM. Ms. Coleman is suggesting November 28th or December 1st. This date will be set at the next meeting. The final property tax levy must be certified to the County Auditor by December 28th. Additional work sessions may be needed. The goal is to have as little increase as possible. There will be some increases in capital expenses for fire equipment, the Ramsey County Sheriff Department, the Lake Johanna Fire Department, and the 911 Dispatch. The Emergency Management Coordinator may also get an increase this year. A small increase for the staff and a full year of rent for the community room is expected. Also, the city will need to set aside some extra money for the lawsuit as they will be responsible for 15% or about \$15,000. Recycling is also scheduled to go up.

A levy will be set with the above increases in mind. Sixty five percent of the city budget is for public safety. Last year the city was under budget by about \$70,000. The city is doing very well on keeping the costs down and plans to develop a conservative budget.

Project oversight will be done by Ms. Coleman for the Lake Gilfillan Project and all bills will go through the City Council. The project is kicking off next Wednesday, the 17th of August.

The City Attorney, David Magnuson announced that the council will adjourn to an executive session to discuss the cases of Sarpal vs. the City of North Oaks and the Frandson, et al vs. the City of North Oaks.

Miscellaneous

Next Regularly Scheduled Council Meeting – Thursday, Thursday September 8th, 2011 @ 7:00 pm in the Community Meeting Room

Next Natural Resource Commission Meeting –September 6th @ 6:00 pm. in the Community Meeting Room and will be televised.

Next Planning Commission Meeting – Thursday, August 25, 2011 @7:00 pm in the Community Meeting Room

Adjournment

On motion duly made, seconded and carried unanimously, the meeting was adjourned at 8:55 p.m.

EXECUTIVE SESSION

The Executive Session was called to order by Mayor Schaaf at 8:52 pm. Councilmember Dunleavy was not present. City Attorney Magnuson and City Administrator discussed the two lawsuits (Sarpal and Frandsen et al.) and answered questions from the Council. Motion to adjourn was made by Councilmember Long, seconded by Councilmember Nelson and carried unanimously. The Executive session adjourned at 9:35 pm.

Attest:

Respectfully submitted,

John Schaaf, Mayor

Linda M. Hanson
Recording Secretary