

**October 17, 2023
Jackson, Minnesota**

The Jackson City Council met in regular session in the Council Chambers of City Hall and also by Teleconference and Zoom at 6:30 p.m. on Tuesday, October 17, 2023 with the meeting called to order by Mayor Marcus Polz. On the roll call, the following persons were present in-person, Mayor Marcus Polz, Alderwoman Sara Mix, and Aldermen Mark Titus, Chris Naumann, Brandon Finck, Nathan Peterson and Joe Pell. Also attending in-person were City Administrator Matt Skaret, City Attorney Brad Anderson, Public Works Director Tony Oxborough, John Weland of the Jackson County Animal Protection Society, Community and Business Development Specialist Dave Schmidt of Community and Economic Development Associates (CEDA), Shannon Sweeney of David Drown Associates, Stephen Foster, Lee Porter, Pastor Russ Steele of the United Methodist Church in Jackson and Fairmont, City Clerk/Council Secretary Dave Maschoff and Mathew Grisham of KKOJ/KUXX Radio. Joining the meeting via Zoom were Engineer Troy Nemmers of Bolton and Menk and Shelley Pohlman of Community and Economic Development Associates (CEDA). (All Councilmembers were present.) (A quorum of the City Council was present.)

PLEDGE OF ALLEGIANCE

Mayor Polz announced the Pledge of Allegiance would be recited before the City Council meeting was called to order. All those attending in-person and by Zoom recited the Pledge of Allegiance.

CALL THE MEETING TO ORDER

Mayor Polz called the regular meeting of the Jackson City Council to order. He said the roll call showed all Councilmembers were present.

There were no Public Hearings, Bid Lettings or Open Forum.

Unscheduled Guests:

Mayor Polz asked if there were any unscheduled guests in the Council Chambers.

Mayor Polz again asked if there were any unscheduled guests in the Council Chambers.

Mayor Polz asked for a third time if there were any unscheduled guests in the audience.

Seeing and hearing no unscheduled guests, Mayor Polz said the Council would move onto the Consent Agenda.

CONSENT AGENDA

Mayor Polz asked for a motion to approve the Consent Agenda.

Peterson said he would like to pull item 7(I) from the Consent Agenda regarding street closures for the Jackson Cruisin' Club's Cruise On Main events in 2024.

Finck said he wanted to pull item 7(D) from the Consent Agenda regarding the EDA's recommendation to approve \$10,000 for the 2024 Jackson Business Challenge Program through the 616 Fund.

Mayor Polz asked for a motion to approve the Consent Agenda minus Items 7(D) and 7(I) for further discussion.

PETERSON/FINCK moved and it was unanimously carried to approve the Consent Agenda minus Items 7(D) and 7(I).

Pertaining to Consent Agenda Item 7(D), Finck said he's been approached by several businesses in regards to the qualifications of the Business Challenge and what it's really doing. He said some of the businesses have closed that were approved for the Business Challenge and there's concern some businesses aren't using the funding quite as spelled out in the Business Challenge guidelines. Finck said there seems to be some consensus out there amongst the businesses that they're concerned that maybe the Business Challenge Program is a little too loose and needs to be buttoned up as to what is a business, what can the funds be used for and what's the criteria for the Program. Finck said he believes the EDA or JBDC (Jackson Business Development Committee) reviewed the guidelines for the Business Challenge Program. Finck said he had not reviewed the guidelines.

Skaret said the JBDC talked about the Business Challenge Program briefly.

Schmidt said the JBDC reviewed the Business Challenge Program and made one change to extend the Program's forgivable loan program to three years instead of two years. He said that was the only change the JBDC felt needed to be made. Schmidt said the JBDC's recommendation was then sent to the EDA. He said there was a little discussion about it at the EDA's last meeting.

Finck said there seems to be some concern in the business community about the Business Challenge Program and what it's achieving for the community. He said that's why he pulled Item 7(D) from the Consent Agenda. Finck said he would like the Council to look through the criteria of the Business Challenge Program before they approve \$10,000 for the 2024 Jackson Business Challenge Program through the 616 Fund. He said he thinks the City Councilmembers should be emailed the Business Challenge Program and everybody look through it and see if they're comfortable with it. Finck said he would make a motion to table action on Consent Agenda Item 7(D).

FINCK/PELL moved and it was unanimously carried to table Consent Agenda Item 7(D) regarding the EDA's recommendation to approve \$10,000 for the 2024 Jackson Business Challenge Program through the 616 Fund.

Schmidt said he would email the Business Challenge Program criteria to Councilmembers.

Regarding Consent Agenda Item 7(I) pertaining to the street closures for the Jackson Cruisin' Club's events in 2024, Peterson said he fine with the dates for the street closure requests, but pointed out August 15th is the day for the Chamber's Block Party. He said he would pull the date of August 15th from the list of street closure dates and ask the Car Club to work with the Chamber of Commerce regarding that date. Peterson said otherwise he doesn't see any conflict with the rest of the dates requested by the Jackson Cruisin' Club.

PETERSON/FINCK moved and it was unanimously carried to approve Consent Agenda Item 7(I) approving the street closure requests from the Jackson Cruisin' Club for the dates requested in 2024 except for August 15th in which the Cruisin' Club will work with the Chamber of Commerce which also has an event underway on that date.

Council Discussion Items

RESOLUTION NO. 42-1023 AUTHORIZING THE SALE OF BONDS WITH TERMS

Mayor Polz welcomed the City's Financial Consultant Shannon Sweeney of David Drown Associates.

Sweeney noted the two resolutions that were on the City Council's agenda and are tied together. He explained ultimately, they're looking to initiate the sale of bonds to fund the improvements for the Belmont Heights Phase One Infrastructure Project. Sweeney said the project is already underway and a construction contract has been awarded.

Sweeney said ultimately, total project costs have been estimated at just over \$3 million with an intention to finance \$2,485,000 of those costs over a term of approximately 21, 22 years. He said the City's Finance Committee reviewed and discussed a cash contribution for a portion of the work that's considered private activity.

Sweeney said the bond attorney explained when lots are graded which will be sold for a private purpose, that's considered private activity and not eligible to fund with a tax-exempt bond issue.

Sweeney said either the City can carve out that \$409,000 and issue a separate taxable bond with issuance costs and items associated with doing that, or the City can simply fund it from cash and finance everything that's tax-exempt with a tax-exempt bond issue at a lower interest rate. He said that was the recommendation from the City's Finance Committee. Sweeney said additionally the Finance Committee recommended the City bid some capitalized interest because the street portion of the project, and it's related to Resolution No. 43-1023, is being financed through a tax-abatement bond. He noted the City Council has talked about the use of tax-abatement capacity in the past. Sweeney provided a table with his memo to the Council, showing what the City's tax abatement capacity was like going forward even with this bond issue.

Ultimately, Sweeney said under Minnesota Statute, the City has two ways to fund streets. He said one is through special assessment and the second is through the issuance of tax-abatement bonds which is being proposed. Sweeney said ultimately that's a levy pledge and the first levy the City can collect in making that pledge would be in 2025 for a debt service payment in February of 2026.

Sweeney explained so between when these bonds are issued and 2025, when the City collects their first levy to make the payments on those bonds, there will be interest payments that will be due. He said the City can either borrow those interest payments called capitalized interest, or in this instance, the City shows the capitalized interest but will actually make a cash deposit. Sweeney said the City can decide to proceed in this manner into the debt service account to fund that capitalized interest with cash rather than borrowing it. He said ultimately over the long term, the City is not paying interest on those additional funds. Sweeney said the Finance Committee made a recommendation that these would be funded from the City's Electric Fund. He said he had no issue in endorsing that recommendation. Sweeney said it's a good plan.

Regarding the debt service payments on this bond issue, Sweeney said the average, under current interest rates, would be about \$189,000 a year. He said of that amount, roughly \$115,000 is tax levy between tax abatement and a tax levy for interest on the street portion of the project.

Sweeney said he believes it's the City's intention to make a request to Jackson County to participate with an abatement if the housing projects move forward and ultimately offset that by their share of the property taxes associated with whatever is to be constructed in Belmont Heights. Sweeney said he attended a meeting with Jackson County staff and they were aware that the request for an abatement from the City may be coming. He said he indicated to County staff that the timeline was based on when the City received a commitment on housing units.

Regarding the balance of the payments, Sweeney said there would roughly be \$40,000 from the sanitary sewer utility and about \$46,000 from the water utility. He explained those payments are broke out based on the enterprise that's being served. Sweeney said for example, if a proportionate share of the project involves installing water main and sanitary sewer main, that's how the costs are allocated to those utilities.

Sweeney noted Resolution No. 42-1023 that's in the City Councilmember's packets, authorizes David Drown Associates to get started on a competitive sale of bonds. He said what that means is David Drown Associates would prepare an offering document, secure a credit rating and they would make those documents available to a broad market. Sweeney said there's roughly 35 underwriters that David Drown Associates sends information to that may have an interest in bidding on the purchase of the bonds.

Sweeney said on the sale date, which would be suggested to be held during a special City Council meeting on November 28th, bids would be received from potential purchasers. On an issue of this size, Sweeney said he would expect to see approximately four bids submitted. He said it's basically Minnesota-based companies that would tend to bid on issues of this size. Sweeney said the bids would be presented to the City Council at the November 28th Special Council meeting for consideration and award.

Sweeney explained what the City Council was authorizing at their October 17th meeting is the preparation of the offering document, and more importantly, securing a credit rating for the City. He said the credit rating costs \$14,000 to secure, but ultimately, it's more than worth that price. Sweeney said it will reduce the interest rate on a bond issue by half to three-quarters of a percent over not having a credit rating. He said it's a big difference on roughly a million-and-a-half dollar bond issue. Sweeney said it's worth the price and worth the hassle and will result in a lower interest rate so it's a worthwhile process to conclude.

Sweeney said traditionally when you're more than a million dollars, a competitive bond sale with a credit rating is going to produce the lowest overall cost of borrowing and that's what David Drown Associates is pursuing.

Mayor Polz said if there were no further questions, he would entertain a motion on Resolution No. 42-1023.

PETERSON/TITUS moved and it was unanimously carried to approve Resolution No. 42-1023 authorizing the sale of bonds with terms.

RESOLUTION NO. 43-1023 CALLING FOR ABATEMENT HEARING

Shannon Sweeney explained the City is paying for the street costs through a tax levy to make that tax levy pledge to the bonds. He noted a specific Statute that gives the City the authority to do that which is Tax Abatement Authority.

Sweeney said by calling the public hearing on the same evening as the sale, the City Council would be holding the public hearing and authorizing that levy pledge.

Sweeney said as the levy pledge is intended to be 20 years just to keep the costs and impacts and tax levy more affordable, the City is required to reach out to a second local unit of government and have them decline participation, in writing, in the proposed tax abatement. Sweeney said it would be his intention to contact the School District and request their participation understanding that they're most likely going to decline which allows the City to extend this to a 20-year term rather than a 15-year term. He explained it's a procedural item in order to extend the duration to 20 years.

With no questions, Mayor Polz entertained a motion on Resolution No. 43-1023 calling for an abatement hearing.

PELL/NAUMANN moved and it was unanimously carried to approve Resolution No. 43-1023 calling for an abatement hearing on Tuesday, November 28th, 2023 at 6:30 p.m.

2022 STREET AND UTILITIES IMPROVEMENTS PROJECT PAY ESTIMATE NO. 7

Engineer Troy Nemmers of Bolton and Menk reported the contractor was given a punch list of items on October 16th to finish up everything this fall regarding the 2022 Street and Utilities Improvement Project. He said there were about 17 items on the punch list of little things for the contractor to do this fall. Nemmers said the majority of the work is completed and work is progressing well.

Nemmers said 2022 Street and Utilities Improvements Project Pay Estimate No. 7 is in the amount of \$117,024.72. He said he was recommending approval of Pay Estimate No. 7.

Finck asked how the work went in resolving the water issues under the road going up the hill on North Ridge Drive.

Nemmers said from what they can tell, everything turned out really well. He said the gravel held up well while paving was underway which was the big concern. Nemmers said drain tile was installed under the road to help get the water out of the sub-grade of the road. He said the gravel held up very well during the paving and the road looks pretty nice.

PETERSON/MIX moved and it was unanimously carried to approve 2022 Street and Utilities Improvements Project Pay Estimate No. 7 in the amount of \$117,024.72 to Duininck's Incorporated.

ELECTRIC TRANSFORMER QUOTE FOR THE HOSPITAL

Skaret reported the transformer that's serves the hospital for electric service is leaking and needs to be replaced.

Skaret said MRES Jackson Distribution Maintenance Foreman Tony Nitchals obtained a quote from T&R Electric of Colman, South Dakota for \$25,578. He said the lead time to get new transformers is out over a year. Skaret said the transformer from T&R Electric is a refurbished transformer and this should get us by. He said getting a refurbished transformer from T&R Electric is what Nitchals recommended.

Mayor Polz asked what the lead time was to get a refurbished transformer.

Skaret said he thinks it's weeks rather than months and years.

Peterson noted the reconditioned transformer comes with a three-year warranty.

MIX/FINCK moved and it was unanimously carried to approve the quote of \$25,578 from T&R Electric of Colman, South Dakota for the purchase of a refurbished electric transformer for the hospital.

RESOLUTION NO. 44-1023 GRANT-NAVIGATION RESOLUTION OF SUPPORT

Skaret said at the October 3rd City Council meeting, the Council authorized applying for the League of Minnesota Cities Grant Navigation Program where the City gets reimbursed for up to \$5,000 for grant application expenses. He said the City is intending to submit an application for the road portion of Keul Avenue in the Industrial Park.

Skaret explained underground utilities are not funded by that program but the road is. He said as part of the requirements for the Program, the City Council needs to pass a resolution of support for applying for the Grant Navigation Program.

Mayor Polz entertained a motion regarding Resolution No. 44-1023.

NAUMANN/FINCK moved and it was unanimously carried to approve Resolution No. 44-1023, the Grant-Navigation Resolution of Support.

QUARTERLY STRATEGIC PLANNING – WEDNESDAY, DECEMBER 6TH AT 5:30 P.M.

Skaret asked if Wednesday, December 6th at 5:30 p.m. would work as a date and time for a Quarterly Strategic Planning meeting.

Councilmembers said December 6th would work as a strategic planning meeting date.

Skaret said the City Council should approve a motion to set December 6th at 5:30 p.m. as the date and time for the next Quarterly Strategic Planning meeting.

PELL/TITUS moved and it was unanimously carried to set Wednesday, December 6th at 5:30 p.m. as the date for the Quarterly Strategic Planning meeting.

MANUFACTURING MONTH PROCLAMATION OCTOBER 2023

Mayor Polz said he had a Proclamation commemorating October 2023 as Manufacturing Month in the City of Jackson, Minnesota.

Mayor Polz read the following Proclamation:

WHEREAS: *Manufacturing is a dynamic and robust industry, crucial to the health and strength of Minnesota’s and the City of Jackson’s diverse economies; and*

WHEREAS: *Manufacturing added \$58.7 billion to Minnesota’s gross domestic product in 2022, representing the second largest contribution (13%) to the State’s gross domestic product by any industry; and*

WHEREAS: *Workers took home \$24.9 billion in wages from Minnesota manufacturing jobs in 2022, the second-largest total payroll among private sector industries; and*

WHEREAS: Manufacturing in Minnesota pays an average annual wage of \$76,950, which is 10% higher than the State's overall average wage: and

WHEREAS: Manufacturing provides over 1,000 jobs in the City of Jackson alone and over 325,000 highly skilled, well-paying jobs statewide, which significantly contributes to Minnesota's and the City of Jackson's high standard of living and economic vitality.

NOW, THEREFORE, I, Marcus Polz, Mayor of Jackson, Minnesota, do hereby proclaim the month of October 2023, as **MANUFACTURING MONTH**

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Jackson to be affixed this 17th day of October, 2023.

Signed, Marcus Polz, Mayor

Other:

South Street Turf Restoration Update

Public Works Director Tony Oxborough reported he received a quote from Dave Polz of Dave's Lawn Care regarding the turf restoration work on South Street. Instead of putting in dormant seed this fall before winter, Oxborough said it was suggested to do drill-seeding in the spring. He said it's anticipated they will end up with a better product if the drill-seeding is done in the spring.

Mix asked if the residents along South Street that need turf restoration will be notified of the plans.

Oxborough said a letter will be composed using Bolton and Menk to communicate those plans to the residents on South Street.

Peterson noted also including instructions on proper watering of the seeded grass.

Oxborough said they would include watering instructions for the residents.

Alderman Chris Naumann

Alderman Chris Naumann thanked and congratulated City Office Manager Deb Mitchell on her retirement. He noted he saw her retirement on the City Council's Consent Agenda.

Naumann asked if there was any new information regarding the swimming pool.

Skaret said according to the email he received last week, there should be some new information arriving this week.

Alderman Brandon Finck

Alderman Brandon Finck asked where things were at regarding scheduling a time when the Finance Committee will discuss budget allocations for the various community organizations.

Skaret said the City is still accepting applications from organizations through November 1st. He said the Finance Committee will be meeting after November 1st.

Alderman Nathan Peterson

Alderman Nathan Peterson asked Economic Coordinator Dave Schmidt if the Economic Development Office has had any inquiries about purchasing the former Erickson Truck Lot property along South Highway 71 or any inquiries on the lots where the former Alamo building stood.

Schmidt said there have been no inquiries.

Peterson asked if there had been any inquiries regarding the open spaces available at the strip mall.

Schmidt said there's a lead on a potential tenant that he'll be visiting with on October 18th.

CLOSED SESSION PURSUANT TO MINNESOTA STATUTES CH. 13D.05 SUBD. 3(B) FOR ATTORNEY-CLIENT PRIVILEGE

Mayor Polz entertained a motion for the City Council to go into Closed Session.

FINCK/MIX moved and it was unanimously carried for the City Council to go into Closed Session at 6:57 p.m. pursuant to Minnesota Statutes Ch. 13D.05 Subd. 3(b) for Attorney-Client Privilege.

COMING OUT OF CLOSED SESSION

PETERSON/FINCK moved and it was unanimously carried for the City Council to go out of Closed Session at 7:20 p.m.

Mayor Polz said the City Council was now out of Closed Session.

ADJOURNMENT

PETERSON/FINCK moved and it was unanimously carried to adjourn the Jackson City Council meeting at 7:21 p.m.

David A. Maschoff, Council Secretary

Marcus Polz, Mayor

