

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on August 5, 2013. Mayor Dehen called the meeting to order at 7:00 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for the meeting, Mayor Dehen, Council Members Freyberg, Spears, Steiner and Norland, City Administrator Harrenstein, Finance Director Thorne, Deputy City Clerk Peterson, Attorney Kennedy and Engineer Sarff. Absent: City Planner Fischer and City Clerk Gehrke.

Approval of Agenda

Council Member Freyberg moved, seconded by Council Member Norland, to approve the agenda as presented. Vote on the motion: Freyberg, Spears, Steiner, Norland and Dehen, aye; no nays. Motion carried.

Approval of Minutes

Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of July 15, 2013. Vote on the motion: Freyberg, Spears, Steiner, Norland and Dehen, aye; no nays. Motion carried.

Public Hearing, 7 p.m. – Vacation of Utility Easements – North Ridge Estates Phase XIV

Mayor Dehen opened the public hearing to consider the vacation of utility easements in North Ridge Estates Phase XIV. Administrator Harrenstein reported as part of the platting of North Ridge Estates XVI, it is necessary to vacate certain utility easements created in North Ridge Estates XIV due to the relocation of a lot line. With no one appearing before the Council, the Mayor closed this portion of the meeting.

Public Hearing, 7 p.m. – Consider Adoption of Amended Criteria for Awarding Business Subsidies

Mayor Dehen opened the public hearing to consider adoption of amended criteria for awarding business subsidies. With no one appearing before the Council, the Mayor closed this portion of the meeting.

Public Hearing, 7 p.m. – Consider Amended and Restated Property Tax Abatement for Certain Property in the City of North Mankato and Granting Certain Business Subsidies to Theuninck Rolling Green Properties, LLC

Mayor Dehen opened the public hearing to consider amended and restated property tax abatement for certain property in the City of North Mankato and granting certain business subsidies to Theuninck Rolling Green Properties, LLC. Bernadette Wilson, 1455 Lookout Drive, former owner of Beans Plus, appeared before the Council and presented background information regarding the tax abatement request. She reported Beans Plus provided daycare services for 197 children employing 33 employees as well as providing rental space for the community and community involvement. Ms. Wilson stated the Minnesota Autism Center employs 8 full-time employees, is subsidized by Medicare/insurance and made a \$1.2 million profit last year. Ms. Wilson requested the City Council not grant the abatement and stated the abatement is not in the best interest of the City. She questioned what the Autism Center or Theuninck Rolling Green Properties provide to the City compared to other service providers in the community to qualify for the abatement. With no one else appearing before the Council, Mayor Dehen closed this portion of the meeting.

Consent Agenda

Council Member Freyberg moved, seconded by Council Member Norland, to approve the Consent Agenda which includes:

- A. Bills and Appropriations.
- B. Resolution No. 48-13 Approving Donations/Contributions.
- C. Resolution No. 49-13 Waiving Waiting Period for Exemption from Lawful Gambling License for Holy Rosary Church.
- D. Resolution No. 50-13 Awarding Bid to W.W. Blacktopping, Inc. for Project No. 13-04D, 2013 Street Improvements
- E. Consider Extension of Refuse and Recycling Contract with Hansen Sanitation, Inc.

Vote on the motion: Freyberg, Spears, Steiner, Norland and Dehen, aye; no nays. Motion carried.

Public Comments**Barb Church, 102 E. Wheeler Avenue**

Barb Church, 102 E. Wheeler Avenue, appeared before the Council and thanked the City for restoring the 2011 minutes on the web site. Ms. Church gave an update of the noise level from the events held at Riverfront Park in Mankato. She reported she has been working with the City of Mankato to record decibel readings and Mayor Anderson has acknowledged the noise level issues. Ms. Church stated she is excited about the Comprehensive Plan study and to be a part of the Economic Development study initial meetings. She feels it was well worth her time, however, the meeting could have been conducted in a more transparent manner. She hopes the Comprehensive Plan study will be more in depth with the opportunity for citizens to contribute.

Business Items**Resolution No. 51-13 Vacating Utility Easements in North Ridge Estates Phase XIV**

Council Member Freyberg moved, seconded by Council Member Steiner, to adopt Resolution No. 51-13 Vacating Utility Easements in North Ridge Estates Phase XIV. Vote on the motion: Freyberg, Spears, Steiner, Norland and Dehen, aye; no nays. Motion carried.

Resolution No. 52-13 Approving Amended and Restated Business Subsidy Policy

Julie Eddington, Kennedy & Graven, appeared before the Council and reported in 1999, the Council adopted a set of criteria for awarding business subsidies pursuant to Minnesota Statutes. The Business Subsidy Act has subsequently been amended. In order to continue granting business subsidies, the City must adopt amended criteria to bring the current policy into compliance with the Business Subsidy Act. The wage and job goals have been amended in the Policy. In accordance with Minnesota Statutes, the Council conducted a public hearing earlier at this meeting and the next step is to consider adopting the resolution approving the amended and restated Business Subsidy Policy.

Council Member Freyberg moved, seconded by Council Member Steiner, to adopt Resolution No. 52-13 Approving Amended and Restated Business Subsidy Policy. Vote on the Resolution: Freyberg, Spears, Steiner, Norland and Dehen, aye; no nays. Motion carried.

Resolution No. 53-13 Amending and Restating a Property Tax Abatement Previously Granted for Certain Property in the City of North Mankato; and Approving an Abatement Contract (Including a Business Subsidy Agreement) with Theuninck Rolling Green Properties, LLC

Julie Eddington, Kennedy and Graven, appeared before the Council and presented a draft Abatement Contract between the City of North Mankato and Theuninck Rolling Green Properties,

LLC. She presented background information stating Theuninck Rolling Green Properties, LLC (the “Developer”) is the owner of Property located at 2101 Rolling Green Lane in the City as well as the building located thereon. In 2008 the Council granted a property tax abatement for a period of 15 years on the Property pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, for the purpose of developing a child care facility known as Beans Plus. The initial abatement payments were delivered to Beans Plus, but after it went out of business, the abatement payments were provided to the Developer. The building located on the Property is now leased to an autism care facility, and the City is asked to continue to provide abatement to the Developer in order to continue to provide employment opportunities in the City, increase the City’s tax base, and provide access to services for residents of the City. To clarify the terms of the abatement, which qualifies as a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995, the Council is being asked to amend the terms of the abatement. The Council conducted a public hearing on the amended abatement earlier at this meeting and the next step is to consider the resolution to amend and restate the terms of the abatement and approve a contract, which includes a business subsidy agreement. Ms. Eddington stated the amended abatement states the facility would have to be a child care facility for five years to qualify for the ten year abatement. If the criteria is not met, the abatement would be decreased on a pro-rata share. The autism center does qualify as a child care facility. The Developer has two years to meet the employee requirements.

Council Member Steiner questioned the fact Beans Plus provided care for 197 children and employed 33 people versus the Minnesota Autism Center employing 8 people.

Administrator Harrenstein reported the scenario for the original abatement has changed. The Council could vote no on the abatement or vote yes and legally authorize the abatement. This item has only been brought back to the Council to continue the abatement legally with signed documents. It is up to the Council whether they wish to continue the abatement or discontinue it.

Council Member Spears stated this is a prime example of why the City should not be involved in the private sector.

Council Member Freyberg agreed with Council Member Spears that this was the wrong choice and that a private-sector marketing arm of the City acted in a manner it should not have; however, it is in the good faith of the City to grant the abatement for future economic development.

Mayor Dehen stated this is why the City is in the process of adopting formal guidelines. This is something that took place before some of the Council Members were on the Council. We cannot undo history but need to move forward.

Council Member Norland stated there is no way to fix not having a signed agreement at the time the agreement was approved, however, the Council did vote to approve the abatement at that time.

Council Member Freyberg stated there were several parties involved in the abatement that did not sign the agreement.

Council Member Spears stated he feels the entire deal looks shaky.

Council Member Norland moved, seconded by Council Member Freyberg, to adopt Resolution No. 53-13 Amending and Restating a Property Tax Abatement Previously Granted

**for Certain Property in the City of North Mankato; and Approving an Abatement Contract (Including a Business Subsidy Agreement) with Theuninck Rolling Green Properties, LLC
Vote on the Resolution: Freyberg, Steiner, Norland and Dehen, aye; Spears, nay. Motion carried.**

City Administrator and Staff Comments

Council Workshop

Administrator Harrenstein stated the Council will need to hold a workshop to review the budget and set the preliminary levy prior to September 15, 2013. The Council discussed dates and set a Council Workshop for 6 p.m. on Monday, August 19, 2013.

Report from Council Members

Council Member Freyberg

Council Member Freyberg reported he attended a teleconference at I & S Group with Dan Schumacher of the National Sports Commission presenting an inventory of Greater Mankato sports facilities. Council Member Freyberg was disappointed there was no comparative data with surrounding competitor cities. A revised edition of the study including comparative data will be available in about a month.

Council Member Freyberg asked that a short summary stating key points of the minutes be placed on the web site next to the link to the Council Minutes.

Council Member Steiner

Council Member Steiner stated he received a thank you note from the Jamison children for installing the playground structure in Benson Park.

Mayor Dehen

Mayor Dehen asked Public Works Director Swanson for an update of the installation of the playground equipment in Benson Park. Public Works Director Swanson stated the structures are in place and staff is working on edging around the outside of the playground area, grass and installing benches. Mayor Dehen thanked the City staff for installing the equipment.

Mayor Dehen thanked the City staff for helping with the setup and teardown of Blues on Belgrade. The event was very well attended and is a great family-friendly event.

The Intergovernmental Committee meeting is scheduled for Wednesday, August 7, at 7 p.m. in the North Mankato Council Chambers.

Coffee with the Council is scheduled for Saturday, August 10, from 10 a.m. to 11 a.m. at Koppen Gardens.

Public Comments

Bernadette Wilson, 1455 Lookout Drive, appeared before the Council to express her disappointment that the Council granted the tax abatement to Mr. Theuninck. Ms. Wilson does not understand why the Council did not ask Mr. Theuninck to explain his side of the story. Ms. Wilson was promised the tax abatement and the loan from the Port Authority and her name was removed and Mr. Theuninck's name was added.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Steiner, the meeting was adjourned at 7:43 p.m.

Mayor

Deputy City Clerk