MINUTES
CITY COUNCIL MEETING

JANUARY 8, 2024

Mayor Shawn Reinke called the meeting to order at 6:00 p.m. Council members present were Jean Soine, Megan Brick, Neil Herzberg and Paul Thielen. Others present were Tariq Al-Rifai, City Administrator; Kristin Leither, Social Media Specialist; Ron Mergen, Public Works Director; Bill Spooner, Spooner & Glenz; Jennifer Welling, City Clerk; Paul Wegner, Police Chief; Tim Woehler, Janell Bullard and Will Beardmore.

The Pledge of Allegiance was recited.

Council members gave verbal activity reports.

Mergen reported the following:

- The City is still accepting real Christmas trees at the lot next to the Fire Hall until January 15th
- Next week, weather permitting, they'll start taking down the holiday decorations
- Money from the Wellhead Protection Grant is available to help residents seal abandoned or unused wells
- The sledding hill is open and as long as it stays cold the outdoor ice rink will open soon
- Spring Clean-Up day is tentatively set for April 27th
- Next Monday, they will be repainting City Hall
- They will be plowing snow tonight so winter parking regulations will be enforced
- Reminder to residents to keep their sidewalks clear
- They weren't successful in getting a grant for the Lake Ave. riverbank project, so they will only be doing what is necessary to keep costs down

Al-Rifai mentioned the following:

- Participated in the Liquor Store Clerk hiring interview, which they are looking for approval on tonight's agenda

PUBLIC OPEN FORUM

No one was in attendance to address the Council.

CONSENT AGENDA

Motion to approve the minutes from the following meetings: September 19, 2023 EDAP Board, August 2, 2023 Special Policies & Procedures Board, November 8, 2023 Property Negotiations Board, September 20, 2023 Trail Board, September 18, 2023 Planning Board, October 25, 2023 Special Policies & Procedures Board, August 9, 2023 Policies & Procedures Board, December 11, 2023 City Council, and November 27, 2023 City Council.

Motion to approve the following vouchers:

1/8/2024	Vouchers	107417-107465	$ 35,892.90
		Total	$ 35,892.90

Motion was made by Herzberg to approve the Consent Agenda. Seconded by Soine and unanimously carried.

AIRPORT FUEL REQUEST

Reinke gave a verbal report. Council reviewed the email from Randy Schaefer, Paynesville Area Community Foundation requesting the City to consider selling fuel at cost versus the pump price. The following is an excerpt of minutes from the January 4, 2024 Airport Board meeting:

FUNDING REQUEST

Members reviewed the letter to Mayor Reinke regarding the high school aviation program. The school is working on introductory flights to give students an opportunity to experience flying. Long term, the school is exploring the opportunity to start a formal

aviation course with the Paynesville Flight School. Members all agreed this would be a great program for our youth and a great opportunity for the airport and future pilots.

Motion was made by Thielen to approve an $800.00 donation to support the high school aviation program and recommend such to the City Council. Seconded by Fread and unanimously carried.

Bullard and Woehler explained more about the program, it's a chance for students to fly themselves. One student will fly from Paynesville to Sauk Centre, then the next student will fly from Sauk Centre to Brooten, then the last student will fly from Brooten back to Paynesville. Bullard said some pilots were generous and donated their time and the use of their planes, which brings the amount they're asking for down to around $400.

Thielen said the CNA program has been successful and hopes this will pull in students from further across the state and generate more interest in the Paynesville Airport. Reinke supports selling fuel at cost, but is worried about making a large donation since the Airport doesn't make much money to begin with. Herzberg asked if the pumps could be set up to sell fuel at cost. Mergen said they could either set up the pumps to sell at the lower price or reimburse the school afterwards.

Spooner wasn't sure the City could make a donation. Cities are limited in what they can donate money to and he's not sure whether school districts are on that list or not. If they want to donate the amount directly it should be contingent on making sure they can.

Motion was made by Herzberg to authorize selling the school district fuel for this program at cost. Seconded by Thielen and unanimously carried.

SMALL BUSINESS DEVELOPMENT CENTER

Al-Rifai gave a verbal report. On September 25, 2023 the City Council authorized the Small Business Development Center to post office hours at the City Hall at which time the EDAP Board was seeking temporary approval to see how things would go before granting a more permanent approval. The following is an excerpt of minutes from the September 25, 2023 Council meeting:

SMALL BUSINESS DEVELOPMENT CENTER

Al-Rifai gave a verbal report. The Small Business Development Center out of St. Cloud contacted the EDAP Board about holding hours at City Hall. They offer free consulting advice to small businesses and startups. The Small Business Development Center helps write up business plans, looking for financing, and give marketing, human resources, and accounting advice, plus more. They would like to expand their reach and make an outpost in Paynesville. The Small Business Development Center would like to hold office hours at City Hall so that people from the area can visit with them without going all the way to St. Cloud.

Herzberg asked if they would pay any rent. Al-Rifai said they wouldn't pay rent since it is a free service. EDAP would like the Council to approve this on an interim basis and will get more formal approval at a later meeting.

Motion was made by Soine to authorize the Small Business Development Center to post office hours at Paynesville City Hall. Seconded by Herzberg.

Al-Rifai said they would be at City Hall on Fridays from 8:30 a.m. – 4:00 p.m.

Motion was unanimously carried.

Currently they have office hours in the City Hall Council Chambers on Fridays from 8:30 a.m. – 4:00 p.m. at no charge. Al-Rifai reported that it has been working well and they would like to continue as they have been.

Motion was made by Soine to continue to allow the Small Business Development Center to hold business hours in the City Hall Council Chambers on Fridays from 8:30 a.m. to 4:00 p.m. at no charge. Seconded by Herzberg and unanimously carried.

NUISANCE PROPERTY – 899 FLANDERS DRIVE

The following is an excerpt of minutes from the December 12, 2023 City Council meeting:

> *NUISANCE PROPERTY – 899 FLANDERS DRIVE*
>
> *Spooner gave a verbal report. Council reviewed Attorney Spooner's email from November 29, 2023 and a report and photo from Tariq Al-Rifai, City Administrator. The 2 vehicles previously discussed have been towed by the owner. Upon investigation, it was discovered there are 2 additional inoperable vehicles along with an accumulation of tires on the property that violate the City's ordinance. The Council may want to consider investigating the property regarding the 2 additional unlicensed and/or inoperable vehicles and setting a public hearing for such.*
>
> *Reinke asked if the expenses accrued by the City could be assessed to the property owner's taxes. Spooner replied that they could, they would need to hold a public hearing like they do for their other assessed bills. Spooner also recommended holding the public hearing during the first Council meeting in January, since holding it at the next meeting would give everyone a pretty tight timeline.*
>
> > *Motion was made by Herzberg to direct Tariq Al-Rifai, City Administrator and Paul Wegner, Police Chief to investigate the property regarding the 2 additional unlicensed and/or inoperable vehicles and set a nuisance public hearing for Monday, January 8, 2024 at 6:30 p.m. Seconded by Thielen and unanimously carried.*

According to City Code:

(3) *Hearings, findings and decision.*

a. The hearing shall be held before the council at a regular or special meeting and conducted in the same manner as an administrative appeal. All persons desiring to be heard shall be afforded an opportunity to present evidence.

b. At any time after the hearing is closed, but at least at its next regular meeting, the council shall decide whether or not the item constitutes a nuisance in violation of this section and direct the drawing and serving of findings of fact and decision by certified mail on all addressees. If the council finds that there is a violation, the decision shall include an order to abate the nuisance and specify the date by which abatement shall be completed.

c. Estimated value, if any, of all offensive items described in subsection (c)(1) of this section shall be included in the evidence and in the findings. The term "value," for the purpose of this subsection, means the amount of money, in cash, which can be obtained in a negotiated sale on a known and ready market in the city.

Spooner explained there wasn't enough time between when the notice was sent out and today to hold the public hearing. He suggests setting the public hearing for the first Council meeting in February and he will get the notices sent out to all concerned parties.

> **Motion was made by Soine to set a nuisance public hearing regarding 899 Flanders Drive for the February 12, 2024 at 6:30 p.m. Seconded by Brick and unanimously carried.**

Reinke asked Wegner about a property in the southern part of town that has come to their attention. Wegner said the offending items are out there as holiday decorations, if they don't get removed in a timely manner then the department will address it again. Reinke also asked about the piano on Lake Ave, he thought they would have made arrangements with West Central Sanitation by now to dispose of it. Wegner offered to reach out to the property owners.

LIQUOR STORE – HIRING OF PART-TIME LIQUOR STORE CLERK – HERDING

Bill Ludwig, Tariq Al-Rifai and Jennifer Welling interviewed one part-time liquor store clerk applicant on December 28, 2023. They recommend hiring Kassandra Herding as a Part-time Liquor Store Clerk (up to 39 hours per week) at Grade 1, Step 1, $15.69 per hour; per the City's wage scale. Tariq Al-Rifai temporarily appointed Kassandra Herding so that she could begin the onboard process on January 4, 2024.

Motion was made by Brick to hire Kassandra Herding as a Part-time Liquor Store Clerk (up to 39 hours per week) at Grade 1, Step 1, $15.69 per hour, effective immediately. Seconded by Herzberg and unanimously carried.

SPECIAL CITY COUNCIL MEETING – RETREAT

It has been suggested to hold a Special City Council Meeting – Retreat again this year. The Council discussed suggested dates. Reinke suggested making the meeting less formal to brainstorm more ideas. Council discussed different options to create an outline for the meeting. When discussing a location, Reinke asked if they could hold the meeting outside the City. Spooner said since they'll be discussing City business, they'll need to post the agenda and hold the meeting within City limits. Herzberg suggested the Green Roof Area Center since they have a projector they could use.

Motion was made by Herzberg to set the Special City Council Meeting – Retreat for Wednesday, March 27, 2024 at the Green Roof Area Center or alternative location from 10:00 a.m. – 4:00 p.m. Seconded by Soine and unanimously carried.

ANNUAL MEETING OF ALL CITY OF PAYNESVILLE BOARDS & SPECIAL CITY COUNCIL MEETING

It has been suggested to hold an Annual Meeting Of All City Boards & Special City Council again this year at the Paynesville American Legion from 6:00 – 7:30 p.m. It was further suggested to hold this meeting earlier in the year and not in the summer. The time has been shortened by 30 minutes based on last year's meeting. Reinke added that dinner will be included with the meeting. Council discussed suggested dates.

Motion was made by Herzberg to set the Annual Meeting Of All City Of Paynesville Boards & Special City Council for Wednesday, March 20, 2024 at the Paynesville American Legion from 6:00 p.m. – 7:30 p.m. Seconded by Soine and unanimously carried.

AD HOC LIBRARY BOARD MEMBERSHIP REDUCTION

Reinke is suggesting to reduce the Ad Hoc Library Board membership from 8 to 6 members by removing Mayor Reinke and Olivia Reed. This will hopefully help in obtaining a quorum. Al-Rifai said the current time works for everyone else. Reinke said he would still like to be on the Board, but something has come up in which the usual time no longer works for him.

Motion was made by Soine to reduce the Ad Hoc Library Board Membership from 8 to 6 members by removing one council member position and Olivia Reed's position. Seconded by Brick and unanimously carried.

2024 CONFERENCE ATTENDANCE

In the past the Council has pre-approved the attendance (registration, mileage, usual expenses, per diem (if applicable), lodging, and staff time) of the City Administrator and any Council member to the following events for 2024:

League of Minnesota Cities (LMC) Annual Conference – June 26-28, 2024 in Duluth
LMC Regional Meetings
LMC Safety & Loss Control Workshops
Mayor's Conference
Stearns County Municipal League Meetings
Municipal Clerks & Finance Officers Association of Minnesota (MCFOA) Clerks Conference – March 19-22, 2024 in St. Cloud
All other LMC Conferences & Trainings

Council should contact Kristin Leither if they wish to attend any Conferences/Trainings/Seminars so that registrations and hotel accommodations (if applicable) can be made.

Motion was made by Brick to approve the attendance (registration, mileage, usual expenses, and per diem (if applicable) of the City Administrator and any Council member to the following events for 2024:

League of Minnesota Cities (LMC) Annual Conference – June 26-28, 2024 in Duluth

LMC Regional Meetings
LMC Safety & Loss Control Workshops
Mayor's Conference
Stearns County Municipal League Meetings
Municipal Clerks & Finance Officers Association of Minnesota (MCFOA) Clerks Conference – March 19-22, 2024 in St. Cloud
All other LMC Conferences & Trainings

Seconded by Soine and unanimously approved.

2024 LIQUOR STORE LEASE PAYMENT

The 2024 Liquor Store Lease monthly payment is $1,828.00 plus $10.00 for sign electricity. The lease is to be paid in monthly installments of $1,828.00 plus $10.00 per month for sign electricity; payable to Teals Management. These are the same amounts as in 2023. Council reviewed the Extension of Lease Agreement through June 30, 2024 with the rates remaining the same. Al-Rifai noted they will need to renegotiate the lease in June and will be looking to make the contract for a longer term.

Motion was made by Soine to pay the 2024 Liquor Store lease in monthly installments of $1,828.00 plus $10.00 per month for sign electricity from 105 Liquor Fund; payable to Teals Management. Seconded by Brick and unanimously carried.

IRS 2024 MILEAGE RATE

In the past the City has used the IRS mileage rate. The IRS has set the 2024 mileage rate at .67 cents per mile.

Motion was made by Soine to approve the City mileage rate .67 cents per mile effective January 1, 2024 through December 31, 2024. Seconded by Herzberg and unanimously carried.

ELECTION OF MAYOR PRO TEM

Jean Soine served as the Mayor Pro Tem in 2023. The Mayor Pro Tem performs the duties of the mayor during the absence of the mayor.

Motion was made by Thielen to elect Jean Soine as Mayor Pro Tem. Seconded by Herzberg and unanimously carried.

OFFICIAL DEPOSITORIES FOR CITY FUNDS

Council reviewed Resolution 2024-01 Designating Depositories Of Funds, Designating A Chief Financial Officer & Establishing Authority To Act.

Motion was made by Herzberg to approve Resolution 2024-01 Designating Depositories Of Funds, Designating A Chief Financial Officer & Establishing Authority To Act. Seconded by Brick and unanimously approved.

Please see Attachment #1 – the above-referenced Resolution which has been made a part of these minutes.)

2024 COUNCIL MEMBER BOARD & WEED INSPECTOR APPOINTMENTS

Mayor Reinke recommends the following 2024 Council member Board and weed inspector appointments:
Ad Hoc Library Board – Megan Brick
Budget & Finance Board – Neil Herzberg & Megan Brick
Chamber of Commerce Representative – Jean Soine
Community Ed Representative – Megan Brick
EDAP Board – Shawn Reinke & Jean Soine
Environmental Board – Shawn Reinke
Green Roof Area Center Representative – Neil Herzberg
Hwy. 23 Collation Representatives – Megan Brick & Paul Thielen
Joint Planning Board – Paul Thielen

Lodging Tax Advisory Board – Shawn Reinke
Municipal Airport Board – Shawn Reinke
Municipal Off-Sale Liquor Retail Board – Jean Soine
Park & Tree Board – Megan Brick
Paynesville Area Joint Trails Board – Paul Thielen
Planning Board – Paul Thielen
Policies & Procedures Board – Jean Soine & Neil Herzberg
Public Works Board – Neil Herzberg
Safety Board – Shawn Reinke
Wellhead Protection Board – Paul Thielen

Weed Inspector – Shawn Reinke

Motion was made by Soine to approve the 2024 Council member Board and Weed Inspector appointments. Seconded by Thielen and unanimously carried.

2024 CITY BOARD MEMBER APPOINTMENTS

Council reviewed the list of City Board member appointments for 2024.
Please note the elimination of the Administrative Fine Hearing Board and Labor Negotiations Board which will now be included in the Policies & Procedures Board responsibilities and the elimination of the Property Negotiations Board which those responsibilities will be brought to Council and, if necessary, discussed in closed session. An ordinance amendment formally eliminating the Property Negotiations Board will be presented at the next Council meeting for approval.

Reinke asked Beardmore if he would be willing to fill the vacancy in the Environmental Board, which Beardmore agreed to.

Thielen asked why they were getting rid of the Property Negotiations Board. Reinke said this way the full Council can take part in all of the discussions. Thielen responded that the Board would usually meet during normal working hours which made it easier to meet with property owners, he's wondering if those property owners will still be able to make the 6:00 p.m. meetings work. Reinke said Al-Rifai can still invite developers or property owners to meet with a couple Council members during normal business hours to have discussions, and then those meetings would not have to be posted.

Motion was made by Soine to approve the 2024 City Board member appointments with the addition of Will Beardmore to the Environmental Board. Seconded by Thielen and unanimously carried.

(List is attached as a part of these minutes.)

APPOINTING DATA PRACTICES COMPLIANCE OFFICIAL

Council reviewed Resolution 2024-02 Appointing Data Practices Compliance Official as Tariq Al-Rifai, City Administrator.

Motion was made by Soine to approve Resolution 2024-02 Appointing Data Practices Compliance Official. Seconded by Brick and unanimously carried.

Please see Attachment #2 – the above-referenced Resolution which has been made a part of these minutes.)

2024 CITY ASSIGNMENTS & APPOINTMENTS

Designate Official Newspaper:	Paynesville Press
Designate City Attorney:	Spooner & Glenz Law Offices, PLLC
Designate Prosecuting Attorney:	Janell Kendall, Stearns County Attorney
Designate Labor Attorney:	Madden Galanter Hansen, LLP Attorneys at Law
Designate PFAS Contamination Attorney:	Taft Stettinius & Hollister, LLP Law Office of Kevin Madonna, PLLC; SL Environmental Law Group PC; Douglas & London P. C.; Levin, Papantonio, Rafferty, Proctor, Buchanan, O'Brien, Barr, Mougey, P.A.

Annual Appointments:

Building Inspectors:	Brad Mehlhop
	Jim Tews, City of Litchfield (back up)
City Treasurer:	Belinda Ludwig
City Engineer:	Bolton & Menk, Inc.
Emergency Services Director:	Shawn Reinke
Auditor:	Schlenner Wenner & Co.
Data Practices Compliance Officer:	Tariq Al-Rifai

Reinke noted that the only change from last year is the addition of the PFAS Contamination Attorney.

Motion was made by Herzberg to approve the 2024 City Assignments and Appointments as presented. Seconded by Soine and unanimously carried.

2024 CITY COUNCIL MEETING DATE CHANGES

Looking ahead at the 2024 Calendar:

Monday, May 27, 2024 – Memorial Day Holiday
Suggested reschedule date – Tuesday, May 28, 2024
Monday, November 11, 2024 – Veteran's Day Holiday
Suggested reschedule date – Tuesday, November 12, 2024

Welling asked if they should still hold a Council meeting on Monday, December 23, 2024, before the Christmas holiday. Council agreed to still meet on December 23, 2024. Welling noted that any Board meetings that might conflict with the new meeting dates will get bumped.

Motion was made by Brick to reschedule the 2024 City Council meetings in May from Monday, May 27th to Tuesday, May 28th and in November from Monday, November 11th to Tuesday, November 12th. Seconded by Soine and unanimously carried.

CERTIFICATE OF DEPOSITS, SAVINGS & MONEY MARKET ACCOUNTS

Council reviewed Resolution 2024-03 Regarding Certificate of Deposits, Savings Accounts, & Money Market Accounts.

Motion was made by Soine to approve Resolution 2024-03 Regarding Certificate of Deposits, Savings Accounts, & Money Market Accounts. Seconded by Herzberg and unanimously carried.

Please see Attachment #3 – the above-referenced Resolution which has been made a part of these minutes.)

AUTOMATED BANK PAYMENTS & WIRES

Council reviewed Resolution 2024-04 Allowing Wire/Automated Bank Payments. The auditors would like the City to annually and formally pass a resolution giving authorization to the City Administrator and City Treasurer to make wire/automated bank payments as needed.

Motion was made by Herzberg to approve Resolution 2024-04 Allowing Wire/Automated Bank Payments. Seconded by Brick and unanimously carried.

Please see Attachment #4 – the above-referenced Resolution which has been made a part of these minutes.)

ASSOCIATION OF MN EMERGENCY MANAGERS (AMEM) MEMBERSHIP

Mayor Reinke is interested in joining the Association of MN Emergency Managers in the amount of $200.00 per year. There is an annual conference and they offer a number of trainings that would be relevant to fully understanding the role of EM Director. There is nothing in the 2024 budget for this type of membership or trainings but Reinke figures the small amount is worth it. To attend the annual conference and/or future trainings it would come back to Council for approval.

Motion was made by Herzberg to authorize Mayor Shawn Reinke as EM Director to join Association of MN Emergency Managers in the amount of $200.00 with the funds to come from the General Fund. Seconded by Soine and unanimously carried.

CHECK SIGNING AUTHORITY & PROCEDURES

Council reviewed Resolution 2024-05 Regarding Check Signing Authority & Procedures. This outlines that two signatures are required on all checks and gives the authority to the Mayor, Acting Mayor (Mayor Pro Tem), and the City Administrator/Acting City Administrator or City Treasurer to sign checks. It also allows, in emergency situations, to use a facsimile signature, with one live signature.

Motion was made by Brick to approve Resolution 2024-05 Regarding Check Signing Authority & Procedures. Seconded by Herzberg and unanimously carried.

Please see Attachment #5 – the above-referenced Resolution which has been made a part of these minutes.)

POLICE DEPARTMENT – PROMOTION OF OFFICER HAAKONSON TO SERGEANT & LELS UNION MOU – SERGEANT PAY GRADE

Wegner reported that he would like to promote Officer Haakonson to the recently created Sergeant's position within the police department. Officer Haakonson will be completing his fifth year of service with the department and in that time has displayed the maturity and leadership necessary to take on this role. Officer Haakonson is also in the process of completing the MN BCA's Supervision and Leadership Course and has completed over half of the required courses so far. Officer Haakonson would move to Grade PD 10, Step 6 with this promotion. LELS has provided an MOU creating the pay grade for the position.

According to the Sergeant's Job Description under Minimum Qualifications the following must be met:

A minimum of 4 years of experience as a full-time police officer with supervisory training or previous experience as a full-time officer at a sergeant level or higher.

Reinke asked why this position opening was not posted publicly. Wegner said this is a position he has been trying to create for years. Not posting publicly was viewed as the best course of action with the direction the department is heading. If they had posted publicly it still might not have brought in the type of candidates they are looking for. Plus hiring someone outside of the department for the position could have led to them losing officers. Al-Rifai added that just the opportunity for advancement will help retain future officers.

Motion was made by Soine to approve the MOU between the City of Paynesville and the Law Enforcement Labor Services, Inc. #489 (LELS) creating pay Grade PD 10 for the police departments' sergeant position. Seconded by Thielen and unanimously carried.

Motion was made by Soine to approve the promotion of Officer Cody Haakonson to the position of sergeant, effective January 8, 2024 at Grade PD 10, Step 6 ($34.87 per hour) of the LELS Police Contract with the understanding that Officer Haakonson will complete the BCA's Supervision & Leadership Course within the next 3 years. Seconded by Brick and unanimously carried.

MOTOR VEHICLE – MN DEPUTY REGISTRARS ASSOCIATION (MDRA) ANNUAL CONFERENCE – CLOSING CITY HALL

It has been suggested to close the Motor Vehicle division of City Hall so that staff can attend the Minnesota Deputy Registrars Association (MDRA) Annual Conference on September 20, 2024.

Motion was made by Soine to close the Motor Vehicle division of City Hall on September 20, 2024 so that staff can attend the annual MDRA Conference. Seconded by Brick and unanimously carried.

EDAP LOAN INTEREST RATE CAP – ANNUAL REVIEW

When the Council approved the EDAP loan interest rate cap on September 25, 2023 it was suggested that this be reviewed annually. The following is an excerpt of minutes from the September 25, 2023 Council meeting:

EDAP – INTEREST RATE CEILING FOR EDAP LOANS

Al-Rifai gave a verbal report. The following is an excerpt of minutes from the September 19, 2023 EDAP Board Meeting:

ESTABLISHING A FLOOR AND CEILING FOR EDAP LOANS

Stanley noted the high interest rate being a recent issue with the EDAP loans. Using the current formula of Prime plus 0.25%, the interest rate on an EDAP loan today would be 8.75%. Al-Rifai asked Stanley what Magnifi charges for business loans. Stanley said around 8%. He added that the purpose of EDAP loans are for economic development and that they should be below market rates to encourage development. At such high rates today, they would not attract new business.

Stang said if we were to take this from a different perspective and look at the fact that EDAP loans are not secured and take second place to the main business loan, shouldn't this higher risk allow for us to charge a higher rate? Stanley said if we are a for-profit business then yes, but we are not. Our objective is to support local businesses and economic development. The loan for Avon, for example, is bridge financing because the bank cannot exceed 75% loan-to-value (LTV). This is where EDAP comes in to take on the remaining amount and in this case, it should be lower than the bank rate.

Members agreed with Stanley on this and discussed the best formula to use so. Stanley suggested keeping the formula of Prime plus 0.25%, but place a cap on it, such as 5%. If Prime were to be above 4.75% for example, the interest rate would be capped at 5% regardless of how high Prime goes. Al-Rifai said there is also a floor on EDAP loans of 3%. Members felt we can remove this as well and just keep the formula at Prime plus 0.25% capped at 5%. Soine said she thinks it's a good idea, but felt 5% is too low.

Motion was made by Stanley to change the way interest rates on EDAP loans are calculated to Prime plus 0.25% with a maximum interest rate limit of 5.5% and recommend such to Council. Seconded by Loesch.

Al-Rifai asked about interest rates on recently closed loans. How would they be affected. Stanley said we could reach out to them and refinance their loans at the lower interest rates provided they pay for any fees associated with closing. Some loans would be too small to justify paying closing costs. In this case, they would keep the current interest rate until the loan is paid off.

Motion unanimously carried.

The EDAP Board recommends changing the way interest rates on EDAP loans are calculated to Prime plus 0.25% with a maximum interest rate limit of 5.5%.

Soine pointed out that investments are at 5.5% so the EDAP loans would generate more revenue than if the money was just invested. Herzberg asked what happens if Prime increases that much that they start losing money. Soine said if that happens they will have to look at changing the cap.

Al-Rifai said that EDAP loans are usually supplemental to bank loans and they want to entice businesses to take EDAP loans rather than take out another bank loan. Thielen asked if there was a cap for how much could be borrowed on EDAP loans. Al-Rifai said the only limit was how much is in the revolving loan fund.

Reinke asked about if Prime minus something would work better. Soine explained EDAP thought that would get to complicated and business want to know a set rate.

Council can raise the cap if they want. Reinke said inflation is stabilizing so he suspects Prime will start to stabilize as well, but it's hard to tell at this point.

Herzberg and Reinke both want to set the cap a little higher than 5.5. Reinke agrees the EDAP loans are there to incentivize business to come to the area, but the City still needs to see some return on their investment so they can keep offering these loans. Soine has no problem with raising the cap.

Council discussed what the cap should be and agreed on 6.5%. Reinke suggested reviewing the cap annually.

Motion was made by Soine to change the way interest rates are calculated on EDAP Loans to Prime plus 0.25% with a maximum interest rate of 6.5% and for this policy to be reviewed at least annually. Seconded by Herzberg and unanimously carried.

There were no changes made to the interest rate cap and no action was taken.

CITY COUNCIL PER DIEMS – ANNUAL REVIEW

It has been suggested to review the City Council per diems on an annual basis. Currently the per diems are:

1. *Per Diem: A per diem will be paid for any meeting outside the City of Paynesville that is longer than 2 hours in length. Meetings between 2 and 4 hours shall be eligible for a $50.00 per diem, and meetings longer than 4 hours shall be eligible for a $100.00 per diem. Travel time to the event should not be considered unless the one-way travel time exceeds one hour. Events longer than three days or travel on behalf of the City will be compensated through a special per diem set by the Council at the time the event or travel is approved.*

Resolution 2023-12 was adopted by the Council on May 8, 2023 that set the above per diems.

There were no changes made to the per diems and no action was taken.

POLICE DEPARTMENT – PROSECUTING ATTORNEY JPA & COURT SERVICE AMENDMENT

Council reviewed Resolution 2024-06 Resolution Of The City Council Of The City Of Paynesville Approving State Of Minnesota Joint Powers Agreements With The City Of Paynesville On Behalf Of Its City Attorney And Police Department, Court Data Services Subscriber Amendment TO CJDN Subscriber Agreement and State of MN Joint Powers Agreement. The BCA requires the City of Paynesville to execute a new Prosecuting Attorney JPA and Prosecuting Attorney Court Amendment along with a resolution naming Stearns County Attorney Janelle Kendall as the prosecutor for the City of Paynesville.

Motion was made by Soine to approve Resolution 2024-06 Resolution Of The City Council Of The City Of Paynesville Approving State Of Minnesota Joint Powers Agreements With The City Of Paynesville On Behalf Of Its City Attorney And Police Department, Court Data Services Subscriber Amendment TO CJDN Subscriber Agreement and State of MN Joint Powers Agreement and authorize the Mayor and City Administrator to sign the documents. Seconded by Brick and unanimously carried.

Please see Attachment #6 – the above-referenced Resolution which has been made a part of these minutes.)

CITY OF PAYNESVILLE RULES & BYLAWS – ANNUAL REVIEW

According to the LMC the City Council should review their Bylaws and Rules of Order on an annual basis. Council reviewed the City of Paynesville Rules & Bylaws which were amended on June 12, 2023.

There were no changes made to the rules and bylaws and no action was taken.

OFFICIAL BONDS – ANNUAL REVIEW

According to the LMC the City should, at least annually, review the City's official bonds. Council reviewed the summary of the City's bond debt as of December 31, 2023 provided by Northland Public Finance. Al-Rifai reported that the City will pay of some bonds in 2027 and a bond was paid off in 2022. There were some questions brought up that the Budget & Finance Board will review.

No formal action was taken.

INFORMATIONAL

Mayor Reinke reviewed the November Police Department Reports & December Mileage Report.

There being no further business, Mayor Reinke adjourned the meeting at 6:56 p.m.

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Tariq Al-Rifai, City Administrator