

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 July 7, 2014. 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 Norland, Freyberg and Spears, City Administrator Harrenstein, Finance Director Thorne, Attorney Kennedy, City Clerk Gehrke, Planner Fischer and Public Works Director Swanson. Absent: Council Member Steiner.

**Approval of Agenda**

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

**Approval of Minutes**

**Council Member Norland moved, seconded by Council Member Freyberg, to approve the minutes of the Council meeting of June 16, 2014. Vote on the motion: Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

**Public Hearing, 7 p.m. – Consider Amendments to City Code, Title XI, Business Regulations, Chapter 110 General Business Regulations and Licensing, Section 110.22 Tobacco**

The Mayor opened the public hearing to consider amendments to the City Code, Title XI, Business Regulations, Chapter 110 General Business Regulations and Licensing, Section 110.22 Tobacco. A copy of the Notice of Public Hearing and Affidavit of Publication were included in the packet. Cap O'Rourke, Minneapolis, appeared before the Council in support of allowing e-cigarettes in public places. The following appeared in support of aligning the use of e-cigarettes in accordance with the Indoor Clean Air Act: Chris Crocker, 25 Arlington Court; Chip Gay, 111 Cedar Street, Mankato; Dr. Steve Penkhus, 36 Trail Drive, Mankato; Scott Carlson, 1566 Edgewood Boulevard; Erin Simmons, 52698 Valley View Circle, American Lung Association; and Jon Anderson, 837 Nicollet Avenue. With no one else appearing before the Council, the Mayor closed this portion of the meeting.

**Consent Agenda**

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

- A. Bills and Appropriations.
- B. Res. No. 43-14 Approving Donations/Contributions/Grants.
- C. Res. No. 44-14 Appointing Election Judges for Primary Election to be held on Tuesday, August 12, 2014 and General Election to be held on Tuesday, November 4, 2014.
- D. Special Liquor License for Steinmeyer, Inc. dba Benderz, 503 Belgrade Avenue, for July 11-12, 2014.
- E. Large Group Permit for Mankato Clinic Company Picnic, Wheeler Park, July 25, 2014, from 5-9 p.m.

**Vote on the motion: Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.** The Mayor thanked all who donated to the North Mankato Taylor Library and the Adopt-A-Family Swim Pass Program.

**Public Comments**

The Mayor opened the meeting to the public for the first time with no one appearing.

**Business Items:**

**Ord. No. 58, Fourth Series, Amending North Mankato City Code, Title XI, Business Regulations, Chapter 110 General Business Regulations and Licensing, Section 110.22 Tobacco and Electronic Delivery Devices**

Attorney Kennedy presented Ord. No. 58 Fourth Series, to amend the North Mankato City Code relating to Section 110.22 Tobacco and Electronic Delivery Devices. He reported that a moratorium was placed on any decision regarding e-cigarettes, sampling or hookah bars until August 2014. He stated this ordinance adds electronic delivery device regulations and restrictions including licenses, fees and violations. The ordinance prohibits the use of any electronic delivery device anywhere smoking is prohibited by the Minnesota Clean Indoor Act and nothing in the ordinance authorizes smoking in any location where smoking is restricted by other applicable laws. **Council Member Freyberg moved, seconded by Council Member Norland, to adopt Ord. No. 58, Fourth Series, Amending North Mankato City Code, Title XI, Business Regulations, Chapter 110 General Business Regulations and Licensing, Section 110.22 Tobacco and Electronic Delivery Devices.** Council Member Spears moved to amend Ord. No. 58 removing Section 110.22.B (4) which prohibits the use of any electronic delivery device anywhere smoking is prohibited by the Minnesota Clean Indoor Act. This motion died for lack of a second. **Vote on the Ordinance: Norland, Freyberg and Dehen, aye; Spears, nay. Motion carried.**

**Res. No. 45-14 Awarding the Sale of General Obligation Bonds, Series 2014A**

The City Administrator reported the City was successful in the sale of General Obligation Bonds, Series 2014A, to fund improvements to Roe Crest-Noretta-Belgrade Ravine, purchase municipal sanitary waste carts, the main lift station upgrade and new well. Rusty Fifield, Northland Securities, Inc., appeared before the Council with recommendations on the sale of \$2,845,000 General Obligation Bonds, Series 2014A, conducted on July 7, 2014 and reported four bids were received. He reported the interest rate was higher than planned but is mitigated since premium bonds were bid resulting in a net cost of \$55,000 over the life of the bonds. Mr. Fifield reported Standards & Poor’s notified Northland Securities that the City’s AA bond rating was confirmed prior to the bond sale taking place on July 7, 2014. The rating report acknowledged the strong management conditions with good financial practices and a projected stable outlook with growth in the tax base and continued positive financial performance with policies and framework in place to maintain that rating. Four bids were received for the Series 2014A issue as follows:

| <u>Bidder</u>                    | <u>Net Interest Cost</u> | <u>True Interest Cost</u> |
|----------------------------------|--------------------------|---------------------------|
| Sterne, Agee & Leach, Inc.       | \$659,814.53             | 2.6712481%                |
| Raymond James & Associates, Inc. | \$675,537.70             | 2.7490612%                |
| FTN Financial Capital Markets    | \$674,836.49             | 2.7498220%                |
| Robert W. Baird & Co., Inc.      | \$736,422.35             | 3.0547032%                |

**Council Member Freyberg moved, seconded by Council Member Norland, to adopt Res. No. 45-14 Awarding the Sale of General Obligation Bonds, Series 2014, to Sterne, Agee & Leach, Inc. for the net interest cost of \$659,814.53 and a true interest rate of 2.6712481%. Vote on the Resolution: Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

**Purchase of Otto Carts**

Administrator Harrenstein reported that RFP’s for the purchase of garbage and recycling carts were part of the RFP for solid waste and recycling services. Susan Young, Foth Infrastructure & Environment, LLC, appeared before the Council and reported that five companies responded to the City’s Request for Proposals (RFP) for residential roll-out carts for solid waste and recycling, with all

quotes being competitive. She reported that two sizes of recycling carts, 65-gallon and 95-gallon, and three sizes for solid waste, 35-gallon, 65-gallon and 95-gallon, will allow residents to use the size best suited for their needs. A larger recycling cart does encourage people to recycle more. The three sizes of garbage carts is important for several reasons. Those families with a large amount of garbage will be able to enclose their garbage in one cart. Alternately, those families with a small amount of garbage will be charged less. Samples of all the carts quoted were sent to the City. Ms. Young reported the City staff/consultant team evaluated the quality of the carts proposed by each manufacturer and Otto was determined to have the most suitable carts and services based on North Mankato's needs. She reported that some Otto carts which were put into service in 1987 are still in service today. Administrator Harrenstein reported the color choice is dark grey and samples are in the Finance Office for residents to stop and look at them. Carts will also be placed in other high-traffic areas in the City for residents to view. **Council Member Norland moved, seconded by Council Member Freyberg, to approve the purchase of Otto carts for waste collection and recycling. Vote on the motion: Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

### **Property and Casualty Insurance Renewal and Workers' Compensation Renewal**

Jay Weir, Weir Insurance Agency, appeared before the Council and presented the renewal rates from the League of Minnesota Cities Insurance Trust for the property and casualty insurance and workers' compensation insurance for 2014-2015. Mr. Weir reported the League of Minnesota Cities Insurance Trust has provided insurance for the City since 1980. Property/casualty and workers' compensation insurance premiums for 2014-2015 total \$282,972 compared to the prior period of \$262,478. The League of Minnesota Cities Insurance Trust has been returning dividends since 1987 and last year the City received a dividend of \$54,186. Council Member Spears asked if Mr. Weir was confident the dividends would continue. **Council Member Norland moved, seconded by Council Member Freyberg, to approve renewal of the property and casualty insurance and workers' compensation insurance with the League of Minnesota Cities Insurance Trust for 2014-2015. Vote on the motion: Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

### **Request for Donation to Children's Museum**

Administrator Harrenstein reported the request for donation to the Children's Museum has been deferred at this time.

### **2013 Comprehensive Annual Financial Report (CAFR)**

Kyle Meyers, Abdo, Eick & Meyers, appeared before the Council to present the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2013. Mr. Meyers gave a PowerPoint presentation recapping the year's activities and reported a Minnesota Legal Compliance finding of insufficient collateral coverage at year-end with the correction made in January 2014. He reported the City received the GFOA Certificate for 2012 for the 26<sup>th</sup> year. GASB 61 was implemented but had no effect on reporting for 2013 and the Port Authority Component Unit will be blended in 2014 since all the Council Members are on the Port Authority Commission. Mr. Meyers reviewed the General Fund balance as a percent of next year's budget, 2013 General fund operations, General fund revenue by source, General fund expenditures, Special Revenue funds, Debt Service funds and Capital Projects funds. Mr. Meyer also reviewed the Enterprise Funds cash flows for water utility, sewer utility, sanitary collection fund and storm water fund. He presented a ratio analysis of the City's peer group for debt to assets, debt service coverage, debt per capita, taxes per capita, current expenditures per capita, capital expenditures per capita, capital assets % left to depreciate for government and business-type, and reported the City is in line with the peer group. Mr. Meyers commended the City Administrator and Finance Director for their work preparing for the CAFR.

Council Member Freyberg referenced the comments on Page 6 of the Management Letter about the percentage of unassigned fund balance and a policy assigning the intended use of fund balance. He noted this comment has been in the last several CAFR reports. Administrator Harrenstein reported discussions were held regarding this subject during the process for the Debt Service Study which was completed within the past year. A copy of the 2013 Comprehensive Annual Financial Report will be on file at the North Mankato Taylor Library and Municipal Building, is posted online, and any questions may be directed to the Finance Director. **Council Member Norland moved, seconded by Council Member Freyberg, to accept the 2013 Comprehensive Annual Financial Report (CAFR). Vote on the motion: Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

**City Administrator and Staff Comments**

Administrator Harrenstein reported staff was pleased with the results of the 2013 Comprehensive Annual Financial Report and the rating from S & P who re-affirmed the City's AA rating.

**Mayor and Council Comments**

**Council Member Spears**

Council Member Spears requested an accounting of the Caswell Park tournament expenses. The Finance Director will provide this information.

**Mayor**

Mayor Dehen reported Fun Days will be held July 9-13, 2014 with the grand parade held on Saturday, July 12, 2014 at 11 a.m. This year the parade will be recorded by Bethany College for broadcast on CCTV. The kiddie parade will be held at 6:15 p.m. on Friday, July 11, 2014 and the annual horseshoe tournament will be held Friday evening. The Mayor reported that next year is the 50<sup>th</sup> anniversary of Fun Days.

The Mayor reported that no Coffee with the Council will be held in July but Fun Days will give residents an opportunity to visit with their Council Members.

**Public Comments**

The Mayor opened the meeting to the public for the second time with no one appearing.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Freyberg, the meeting was adjourned at 8:33 p.m.

---

Mayor

---

City Clerk