

COUNCIL PROCEEDINGS
CITY OF CROSSLAKE MINNESOTA
SPECIAL COUNCIL WORKSESSION
APRIL 4, 1995
7:00 P.M. AT CITY HALL

The Council for the City of Crosslake met in a special worksession with members of the Economic Development Authority and the Community Center Finance Committee plus interested parties on Tuesday, April 4, 1995 at 7:00 p.m. at City Hall. Those present included the following Councilmembers: Mayor Dave Kolesar, Jane Michaud, Raymond Smyth and Jack Webster. Charles Miller arrived at approximately 7:34 p.m. City Attorney Paul Sandelin and City Clerk Arlene Buchite were also present along with the following EDA members: Chairman Miles Johnson and Gilroy Arvig. Others present were Bill Reed, Dick Hubbard, Max Maas, Dean Swanson, Shiela Hoverkamp, Dennis Palm, Tom Mezzenga, Nancy Koch, Mary Kolesar, Judy Maas, Joyce Smyth and Carl Halverson. Don Engen arrived at approximately 7:50.

Mayor Kolesar called this meeting to order stating that the primary reason for this meeting was to discuss the REA loan application but there were some other items on the agenda that would need to be handled first.

Mayor Kolesar requested that Bill Reed be appointed as the fifth member to the EDA Commission. MOTION NO. 48-01-95 WAS MADE BY RAY SMYTH AND SECONDED BY JACK WEBSTER TO APPOINT BILL REED TO THE EDA COMMISSION AS THE FIFTH MEMBER. MOTION PASSED UNANIMOUSLY.

Mayor Kolesar stated that he had done some checking into the cost to review the technical skills at the Telephone Company. MOTION NO. 48-02-95 WAS MADE BY JACK WEBSTER AND SECONDED BY RAY SMYTH TO HIRE A CONSULTANT TO REVIEW THE TECHNICAL SKILLS OF THE TELEPHONE COMPANY GENERAL MANAGER AND PLANT MANAGER. MOTION PASSED UNANIMOUSLY.

Mr. Webster stated that the Telephone Company personnel has requested that 3 people be hired for the summer, two for outside and one for the office. The added load from the NSP crews plus promotional work on internet and extra services offered were reasons cited. Mr. Webster indicated that the hiring for outside staff is normally done through Wadena Technical College. MOTION NO. 48-03-95 WAS MADE BY JACK WEBSTER AND SECONDED BY RAY SMYTH TO APPROVE THE HIRING OF THREE ADDITIONAL TEMPORARY STAFF MEMBERS FOR THE SUMMER AT THE TELEPHONE COMPANY. MOTION PASSED UNANIMOUSLY.

Discussion was turned over to Ray Smyth who briefly outlined the process which has taken place to date on rebuilding and

financing the Community Center. Mr. Smyth stated that Tom Mezzenga, Dennis Palm and Shiela Hoverkamp had been working on the Rural Utilities Service (formerly known as REA) grant. Mr. Mezzenga explained that the Telephone Company would have to donate a non refundable contribution of \$80,000 to the fund and the City would get a \$480,000 loan with 0 percent interest for ten years, if the application is approved. The City would need to repay the loan commencing the third year at \$60,000 a year. The loan when repaid by the City would be used as a revolving fund for other businesses or housing developments at an interest rate to be determined.

Mr. Mezzenga and Committee are anxious to get the approval of the Council to submit the application in April because each state will get only a limited amount of money.

Council was informed that if the REA loan is not approved and General Obligation Bonds are necessary there would have to be a referendum vote. If a lease purchase plan, such as was used to finance the Emergency Services Center, is used a referendum would not be necessary.

Mayor Kolesar took a voice poll of the Council as to whether or not they think a special referendum vote would be needed to build the Community Center. The votes were Chuck - yes, Dave - yes, Ray - No, Jane - yes and Jack - yes. A lengthy discussion followed.

MOTION NO. 45-04-95 WAS INTRODUCED BY RAY SMYTH THAT AN APPLICATION BE SUBMITTED TO THE REA FOR A \$400,000 GRANT/LOAN TO PARTIALLY FINANCE CONSTRUCTION OF THE PROPOSED CROSSLAKE COMMUNITY CENTER BASED ON THE FOLLOWING ASSUMPTIONS:

1. THAT THE CROSSLAKE TELEPHONE COMPANY WILL CONTRIBUTE \$80,000 TO THE PROJECT;
2. THAT \$210,000 OF THE PROJECTED COST WILL BE FUNDED BY THE INSURANCE PROCEEDS.
3. THAT THE CITY OF CROSSLAKE WILL ASSUME RESPONSIBILITY FOR APPROXIMATELY \$110,000 OF THE PROJECTED COST IN A MANNER TO BE DETERMINED;
4. THAT A SERIES OF PUBLIC HEARINGS BE CONDUCTED ON THE FINANCING OF THE PROPOSED COMMUNITY CENTER INCLUDING ITS PROJECTED ANNUAL OPERATING COSTS;
5. THAT A REFERENDUM ON THE COMMUNITY CENTER PROJECT BE CONDUCTED NO LATER THAN JULY 30, 1995, THAT CLEARLY IDENTIFIES HOW THE PROJECT WOULD BE FINANCED, WITH OR WITHOUT APPROVAL OF THE \$480,000 REA GRANT/LOAN; AND
6. THAT THE CITY'S LEGAL COUNSEL ESTABLISH THE LEGALITY OF ASSUMPTION IN NUMBER 5.

MOTION WAS SECONDED BY JANE MICHAUD. Mayor Kolesar called for discussion. Mr. Webster asked about building a smaller facility. Mr. Miller indicated he would like to use the insurance money and some City money to build smaller. UPON MAYOR KOLESAR'S CALL FOR A VOTE THE MOTION PASSED UNANIMOUSLY.

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Carl Halverson, Lion's Club President, was present to give a brief statement to the council regarding the building of an indoor ice arena somewhere in the area. At present Breezy Point has applied for a REA Grant/Loan. Mr. Halverson said there is a need for a local arena because girls hockey is becoming popular and there has always been a shortage of ice time for boys. Mr. Halverson indicated that the ice arena is the major project for the Lion's Club this year. Mr. Halverson stated that the approximate cost would be \$700,000 for the building.

Mr. Smyth thanked everyone present for all the time and effort expended on the Community Center project. He also voiced his appreciation to the Council for voting to proceed with the REA loan.

MOTION NO. 4S-05-95 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO ADJOURN THIS SPECIAL COUNCIL SESSION AT 8:51 P.M. MOTION PASSED UNANIMOUSLY.

Recorded by:
Arlene A. Buchite
City Clerk/Treasurer

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