

Pursuant to due call and notice thereof, a City Council Work Session was duly held in the City Council chambers at 6:00 p.m. on the 14th day of May 2019. The following members were present: Mayor Mike Engel, Council Members, Dan Rehtzigel, Richard Nielsen, Doug Henke, and John Mortensen. Also, present: Administrator Mark Vahlsing, Attorney Scott Riggs, Engineer Joe Rhein, Engineer Derek Olinger, George Eilertson of Northland Securities, Administrative Assistant Holli Gudknecht, Utilities Superintendent Randy Eggert

Mayor Engel called the work session to order at 6:00 pm.

DISCUSS ITEMS RELATED BUSINESS PARK DEVELOPMENT

Designate City Funding Match for DEED BDPI Grant

Administrator Vahlsing stated that the last step before final approval of the DEED Greater Minnesota Business Development Public Infrastructure **Grant Program (BDPI)** is for the City to provide authorization of its match to the grant. The City has two options to make the match. Option one would be a completed bond sale. The City would have to complete a bond sale for \$672,096, which is its portion of eligible project costs. The bond sale proceeds would be placed into a project account until needed. DEED would require verification of the bond sale. George Gilertson of Northland Securities stated that he would not recommend this option since the City would have to sell the bonds without knowing if DEED has approved the project. Option 2 would be to pledge local reserves via an Inter-fund loan of \$672,096 from Kenyon Municipal Utilities to the City. These funds would be transferred to the City and placed in a Business Park project account. The funds would only be held by the City temporarily and would be returned to KMU before year end. If the BDPI grant is approved, a bond would then be sold for the City's portion of project costs and the funds would be returned to KMU. If the grant is not approved, the funds would also be returned to KMU. Option two would be simpler and would not provide risk to the City if the grant is not approved.

Options for EDA to Request Street and Infrastructure Project Improvements from the City.

Attorney Riggs stated that if the BDPI grant is approved, the EDA would need to request that the City Council order the street and utility improvements for the project. Riggs stated that his office had prepared a memo describing the two options available for the process to initiate the improvements for the Business Park project. Riggs recommended going with the 100% Petition Process versus the General Special Assessment Process. The 100% Petition Process would eliminate some steps, including the public hearing, to save both time and money.

Review Options for Possible Project Financing. George Eilertson – Northland Securities

Mr. Eilertson from Northland Securities reviewed the bonding options and estimated terms of payment based on the City's portion of the project cost. The total estimated cost of \$1,288,271 for the bond does not include the electric main extension costs. The electrical costs would be paid out of KMU reserves. There may be other costs that could also be paid out of KMU reserves which could reduce the principal amount of the bonds. Of the total estimated cost, \$566,575 is for the costs of the utility extension/looping project. This portion of the project would be carried out even if the funding for the business park is not approved since it will benefit the entire community. There will be assessments and TIF revenue available when development occurs in the Business Park.

The meeting was adjourned at 6:45 p.m.