

State of Minnesota  
Counties of Scott & Le Sueur  
City of New Prague



City Council Meeting  
Monday, October 17, 2016

Mayor Nickolay called the meeting to order at 6:00 P.M. with the following members present: Nickolay, Bruzek, Jirik, Ryan, Tuma

Staff Present: Mike Johnson, Patty Solheid, and Mary Jo Hruby

City Attorney Scott Riggs was also present

It was moved by Bruzek and seconded by Ryan to approve the Agenda. All voted in favor of the motion. (5-0)

Ms. Chelsea Alger from the Southwest Minnesota Housing Partnership provided the Council with an update on final applications for the 2016 Project (Phase I). As of today they have received 8 commercial applications. Program is looking very strong.

Ms. Alger also gave an overview on the survey/pre-applications for the 2017 Project (Phase II). She noted that the bulk of the response is coming from the Le Sueur County homeowners. The windshield survey indicated more "substandard" housing on the Le Sueur County side.

Discussion was held on whether the City should reduce the target area and focus on residential rehab efforts on the Le Sueur County side and include the Scott County side as the "Target Area B" in the application that would be eligible for funding in 15 months if there was not enough use of the funds in the first half of the program.

The Council will again review the number of applications received at their Budget Meeting on October 24<sup>th</sup> and make a decision on whether to include the Scott County side as the "Target Area B" in the application.

Council Member Ryan reviewed the Joint Powers Advisory Board recommendation on the proposal for aquatic services with USA Aquatics Inc. and ISG, LLC. This aquatic services contract is intended to aid in the overall programming and start-up of the aquatic facilities for both the indoor pool facilities and the outdoor pool facility. The estimated cost of the contract proposal is \$10,000 (plus travel charges) and is to be shared 50/50 between the City and School.

It was moved by Bruzek and seconded by Tuma to approve the aquatic services contract proposal with USA Aquatics and ISG, LLC. All voted in favor of the motion. (5-0)

City Attorney Riggs reviewed the Chart Inc. business subsidy issues per Private Development Agreement dated November '2012. An incentive package was requested and provided to Chart, Inc. for the expansion of its facilities located in New Prague. The negotiations with Chart resulted in the City of New Prague, Scott County and New Prague Area Schools entering into a Contract for Private Development in November 2012, along with various other agreements providing for business subsidies as defined by Minnesota Statutes. Chart constructed the expansion at its facility as represented in the Contract and the various agreements for the Subsidies. In addition to the promised

State of Minnesota  
Counties of Scott & Le Sueur  
City of New Prague



City Council Meeting  
Monday, October 17, 2016

construction, certain job and wage goals were set forth and required by the various subsidies which required Chart to maintain 468 jobs and to create 80 new jobs at the Chart facility. Chart has not met the retention and job creation goals within the time period required by the Subsidies. Since the compliance date for the Subsidies that Chart received from the City has now passed, the City must determine the extent of Chart's non-compliance with the requirements of the Contract and all Subsidies and any other agreements. Chart has made a request to the City regarding the business Subsidies and as to the interpretation of job creation requirements associated with Chart's project. Various negotiations have occurred with Chart and the Minnesota Department of Employment and Economic Development (DEED) over the past months regarding job compliance interpretation issues, as well as potential enforcement matters. DEED has concluded that the City must recoup the entire MIF Loan provided to Chart, including interest. In addition, DEED has noted that further funding to the City from the State will be held up until enforcement activities regarding the MIF Loan are initiated with Chart. Scott County has moved forward to immediately cease any further Subsidies to Chart, including payments this fall, and to cancel the County's participation in the Contract. However, the County has not invoked any claw-back provisions set forth in Minnesota Statutes and the Contract relative to the previously received Subsidies.

The Council asked City Attorney Riggs to check if there is any way possible that the City can work with Chart. Mr. Riggs will also look into how the County analyzed to get to their decision. Mr. Riggs will provide an update at the November 7<sup>th</sup> City Council meeting.

Discussion was held on the Golf Management Enterprises, LLC (GME) Agreement Scope of Services for the 2017-2018 Agreement. The Council has been discussing possible changes or clarifications that should occur in this section of the Agreement. City Administrator Johnson, Finance Director Solheid, Mayor Nickolay and Council Member Tuma will meet to develop a draft Scope of Services for the Agreement for review at the Council's Budget Meeting on October 24<sup>th</sup>.

It was the Consensus of the Council to table the next Agenda Item *Continued Work on Draft 2017 City Budget with Finance Director* until Monday, October 24<sup>th</sup> at 6:00 P.M.

It was moved by Nickolay and seconded by Bruzek to approve the following consent Agenda items:

- A. Approve October 3, 2016 and October 10, 2016 Meeting Minutes
- B. Approve Claims for Payment
- C. Approve Quarterly Report
- D. Approve Premises Extension Request for JT's Hideaway for October 29, 2016.

All voted in favor of the motion. (5-0)

City Council Proceedings

810

State of Minnesota  
Counties of Scott & Le Sueur  
City of New Prague



City Council Meeting  
Monday, October 17, 2016

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It was moved by Nickolay and seconded by Bruzek to adjourn the meeting at 7:50 P.M. All voted in favor of the motion. (5-0)

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Charles L. Nickolay, Mayor

ATTEST:

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Michael J. Johnson  
City Administrator