

**LINCOLN COUNTY BOARD OF COMMISSIONERS  
MEETING MINUTES**

Aug 07, 2018  
Courthouse Commissioner Room  
Ivanhoe, MN 56142

The meeting was called to order at 9:00 a.m. by Board Chair Mic VanDeVere, followed by the Pledge of Allegiance. Commissioners present were Joe Drietz, Rick Hamer, Corey Sik, Jack Vizecky, and Mic VanDeVere. Also present was Lincoln County Auditor Deb Vierhuf. A conflict of interest was brought up by Commissioner Hamer and he would not be voting on any Sheriff's agenda items.

Motion by Drietz, seconded by Vizecky to approve the consent agenda which included approval of the minutes from July 17, 2018, the minutes from the July 23<sup>rd</sup> special meeting and the agenda for August 7, 2018. All voted in favor.

The public hearing regarding the proposed property tax abatements in connection with the issuance of tax abatement bonds was called to order at 9:05.

Vince Robinson, DSI President and Shelly Eldridge, Senior Municipal Advisor with Ehlers, were present for the public discussion. Robinson stated that the public hearing is to offer the public a chance to comment on whether the County should enter into a tax abatement development agreement with ITC. The bonds would be backed by specific properties to assure repayment of the bonds. Although it has been stated that other sources of revenue may be used, this type of bond has to have the County tax portion of certain parcels pledged to the repayment of the bond. Ehlers stated that the proposed bond is a twenty year bond and the abatement is to abate the principal portion only. The interest portion would be spread across the entire County if no other revenue source is available. The abatement portion would be on all of the parcels of Marshfield Township and 25 parcels of Hope Township. These parcels were picked based on the area that would be benefitted by broadband. If it is decided that the County would change to a 15 year bond, a subsequent hearing may need to be held. The bond documents will state that the interest will come from all County taxes and the principal will come from the parcels stated but the taxes are then reduced by other revenue streams so the levy will not necessarily be increased. One item that is needed is a Business Subsidy Policy and Attorney Glen Petersen is currently working on that. If the project moves forward, the County will still have an opportunity to qualify for a grant from the State for the Broadband project. Robinson also provided an update on the CAF II Auction.

VanDeVere asked if there were any other public comments to be heard and stated that he has only heard positive feedback from Lincoln County residents in regards to the Broadband project. Commissioner Sik inquired on how many households would be specifically benefitted. Robinson stated that it would be about 850 households that would be benefitted.

Commissioner VanDeVere introduced Resolution 26-2018 Resolution Approving Property Tax Abatements and moved its adoption. Motion by Drietz, seconded by Vizecky to approve Resolution 26-2018 Resolution Approving Property Tax Abatements. All voted in favor.

**RESOLUTION NO. 26-2018  
RESOLUTION APPROVING PROPERTY TAX ABATEMENTS**

**BE IT RESOLVED** by the County Board (the "Board") of the County of Lincoln, Minnesota (the "County"), as follows:

Recitals.

Interstate Telecommunications Cooperative, Inc., a South Dakota cooperative corporation (the "Provider") proposes to finance a portion of the cost of a fiber optic broadband telecommunications network and related facilities (the "Broadband Facilities") and has requested that the County issue its general obligation abatement bonds under the provisions of the Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Act") to provide a forgivable loan to finance a portion of the financing for the Broadband Facilities.

The abatement will apply to the County's share of the property taxes (as hereinafter further defined, the "Abatement") derived from the properties identified on attached **Exhibit A** (the "Properties") which are among the properties in the County which will benefit from the Broadband Facilities.

None of the Properties is located in a tax increment financing district.

On the date hereof, the Board conducted a duly noticed public hearing on the Abatement at which the views of all interested persons were heard.

Under the Abatement Act, the County is authorized to retain abatements from property in order to accomplish certain public purposes, including situations where the abatement will increase or preserve tax base, provide or help acquire or construct public facilities, help provide employment opportunities in the County, help provide access to services for County residents, or finance or provide public infrastructure.

The County is also authorized under the Abatement Act to issue bonds to (1) pay for public improvements that benefit the property, (2) to acquire and convey land or other property, (3) to reimburse the property owner for the cost of improvements made to the property, or (4) to pay the costs of issuance of the bonds.

The County plans to issue its General Obligation Abatement Bonds (the "Bonds") to finance the costs of the Broadband Facilities in the approximate principal amount of \$6,500,000. Pursuant to the Abatement Act, the County will pledge the Abatement revenues from the Properties to the payments due on the Bonds.

The County is authorized to approve the Abatement for a maximum term of 20 years upon satisfaction of the conditions set forth in Section 469.1813, subdivision 6 of the Abatement Act.

Benefits Equal Costs. It is hereby found and determined that the benefits to the County from the Abatement will be at least equal to the costs to the County of the Abatement for the following reasons:

The Abatement will help finance the Broadband Facilities which implements a key development goal for the County.

The Broadband Facilities will provide economic stimulus needed to attract new businesses to the region and to retain and expand existing businesses; such development and business retention will generate significant County tax revenues (after termination of the Abatement) that, over the long term, will exceed the amount of the Abatement itself.

The Broadband Facilities will help preserve and increase the value of the Properties, thereby helping to generate additional County tax revenues over the long term after expiration of the Abatement.

The Abatement amount finances only a portion of the cost of the Broadband Facilities in the County and leverages the investment of private funding sources and, if available, state funding sources and therefore, is less than the cost of the Broadband Facilities to be provided.

Public Purposes. It is further found and determined that the Abatement will serve the following public purposes set forth in Section 469.1813, subdivision 1 of the Abatement Act, because the Abatement will:

Increase or preserve tax base, by stimulating development and helping to maintain values in the County and region, for the reasons described in Section 2.

Allow the County and other local governments to provide public services to their residents more efficiently through direct connection to governmental facilities.

Provide access to services for residents of the County, because the Broadband Facilities will offer residents a service (fiber optic broadband telecommunications) not currently available in the portion of the County to be served by the Broadband Facilities.

Finance or provide public infrastructure, because broadband communications are an important part of the infrastructure required for vibrant, economically competitive communities.

Other Public Benefits. It is further specifically found and determined that, in addition to the benefits described in Sections 2 and 3, the Abatement is expected to result in the following public benefits:

Construction of the Broadband Facilities will implement a long-standing vision of high-speed, state-of-the-art fiber optic telecommunications for the region.

The Broadband Facilities will contribute to the quality of life in the County and region by increasing the ease of access to governmental, educational and healthcare information and services available to County residents.

Abatement Parcels Benefited. The County finds and determines that the Broadband Facilities will benefit the Properties for the following reasons:

The Properties are all within the Broadband Facilities service area and will be able to connect directly to the Broadband Facilities.

The Broadband Facilities will generally help maintain and increase property values within the County, including the Properties, as described in Section 2.

The facts and reasons stated in Section 4(a) and (b) also support the conclusion that the Properties enjoy a significant benefit from construction of the Broadband Facilities.

Maximum Abatement Amount. The maximum amount of Abatement authorized under this resolution is \$6,500,000. The maximum principal amount of Bonds to be secured by Abatement under this resolution does not exceed the estimated sum of Abatement from the Abatement Parcels for the term authorized under this resolution.

Terms of Abatement. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted in the aggregate amount of the principal payments due on the Bonds as determined by the County Auditor (up to a maximum of \$6,500,000 present value), subject to the following terms and conditions:

The term "Abatement" means the real property taxes generated in any tax-payable year by extending the County's total tax rate for that year against the tax capacity of the Properties, including the tax capacity of the land, as of January 2 in the prior year.

The Abatement will continue for a period of 20 years in the years set forth in the County's resolution authorizing the issuance and sale of the Bonds (the "Bond Resolution"). The

Abatement will terminate on the earlier of (i) the date all Bonds have been paid in full, redeemed, or defeased in accordance with their terms; or (ii) after the 20th year of collection of Abatement from the Properties.

The County will pledge the Abatement to the payment of principal on the Bonds. The pledge of Abatement will be further reflected in the resolution authorizing the issuance of the Bonds (and any refunding bonds).

In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no case shall the Abatement, together with all other abatements approved by the County under the Abatement Act and paid in any one year exceed the greater of 10% of the County's net tax capacity for that year or \$200,000 (the "Abatement Cap"). The County may grant any other abatements permitted under the Abatement Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement under this Resolution.

The Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Bond Resolution.

In accordance with Section 469.1815 of the Abatement Act, the County will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution. The County Auditor shall determine how much Abatement is necessary for the payment of principal and interest on the Bonds in each year and shall add such amount to the County's levy.

Further Proceedings. County staff and consultants are authorized and directed to take all actions necessary to implement the Abatement approved under this Resolution, including without limitation the execution of documents and certificates necessary to carry out the Abatement.

Business Subsidy Law. After a public hearing on the date hereof, the County hereby determines that the public purposes of the proposed Abatement include the public purposes and benefits stated above. The County hereby determines that the creation or retention of jobs by the Provider is not a goal the proposed Abatement. Therefore, in accordance with Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Law"), the job goals may be and hereby are set at zero in the subsidy agreement to be entered into between the County and the Provider.

The motion for the adoption of the foregoing resolution was made by member Commissioner Drietz and duly seconded by member Commissioner Vizecky and, upon a vote being taken thereon after full discussion thereof, the following voted in favor thereof: Commissioner Drietz, Commissioner Hamer, Commissioner Sik, Commissioner VanDeVere and Commissioner Vizecky.

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted

ATTEST:

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Mic VanDeVere, 2018 Board Chair

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Deb Vierhuf, County Auditor

Cathleen Amick, Transportation Director of United Community Action Partnership, was present to request financial support for 2019, provide an update on services, and ask for support of a revised 2019 fare structure. Amick passed out a packet that contained information on a commuter challenge that was funded by MnDOT and informed the Board of the new Community Transit Logo. Statistical information for

Lincoln County was also provided as well as information on a 5 year plan that will be submitted to MnDOT. The 2019 financial request will be taken into consideration. Information only.

Amick requested approval for the 2019 Fare Structure. Information was analyzed throughout all of the counties to come up with this fare structure. Two changes were made. One of the changes gives an incentive for pre-booking a ride. The other change was to lower the monthly ride pass to \$70 if they live in town. The fares have not changed for several years but the counties do subsidize any shortfall. Motion by Hamer, seconded by VanDeVere to approve the United Community Action Transit 2019 Fare Rate Collection and Procedures. All voted in favor.

Commissioner Hamer left the meeting at 9:57 a.m.

Sheriff Meester reviewed the process in which the Board approved a full-time position due to not being able to find any part-time positions, conducted interviews with the Personnel Committee and the positive feedback that was received during the interviews and requested approval of a final candidate for the full-time Deputy Sheriff. Deputy Guy Harding was present in support of hiring another Deputy Sheriff. Harding feels that with the amount of overtime the deputies are working, there is a good chance of burnout. Commissioner Sik commented that he was in favor of the hire because he felt we should invest in our public safety and stated that other agencies have had deputy's cross-train in dispatching to also alleviate overtime in that area and feels that is an option Lincoln County should continue to explore. Motion by Sik, seconded by VanDeVere to approve offering the position of full-time Deputy Sheriff to Jacob Jenson. Commissioner Sik and VanDeVere voted in favor. Commissioner Vizecky and Drietz voted in opposition. Motion failed due to lack of majority.

Commissioner Drietz informed the Board that many issues have been brought to him regarding the Red Pine Wind Project. Some of the issues include broken tile, washouts, the burying of cables, and the new wind tower access roads causing water drainage problems. Drietz has talked to Dale Sterzinger with the Soil and Water Conservation District about some of these issues and has also talked with various area farmers. Drietz and Sterzinger have talked to Red Pine Wind Tower individuals and a meeting will be set up with Robert Olsen, Dale Sterzinger, a couple Commissioners and the Wind Tower individuals to discuss with the farmers in person to see what their issues are and how to resolve them. Olsen stated that parameters were set and for the most part had been followed but there have been issues identified that need to be addressed. The County has two years to address any issues that arise and as these come up, Red Pine Wind individuals will be notified. Richard and Eileen Nielsen were present to discuss some issues on their property. The Board assured the Nielsen's that the issues would be looked into and addressed. Information only.

Commissioner Drietz left the meeting at 10:54 a.m.

Joe Wilson, Lincoln County Engineer, presented project updates. They were as follows:

- The contractor has resumed construction on the Box Culvert projects.
- Plan to start on County Hwy 17 paving project.
- Preconstruction meeting will be tentatively held on August 9, 2018 for the other paving projects which include County Hwy 7, 17, 18 and County Road 110.
- The Blazing Star Wind Project substation will be starting soon.
- Gravel Crushing is proceeding and will be completed soon.
- Working on some road development issues with the Red Pine Wind Tower project.
- Continuing to work on the bridge safety inspections.

Wilson presented maintenance updates. They were as follows:

- Hauling gravel for road maintenance.
- Spraying road ditches in the patches where the mower won't reach.
- Second round of shoulder mowing on paved roads.
- Asphalt patching.
- Looking at ordering cutting edges for the year due to rising steel prices. The current budget does have money available for the purchase.

Wilson presented the MnDOT's District 8 Capital Highway Investment Plan (CHIP) for the next 5-10 years. Lindsey Bruer, MnDOT Planning Director is planning to attend the August 21<sup>st</sup> meeting to discuss the plan and answer questions. Information only.

Wilson reviewed the preliminary 2019 Road and Bridge budget. Information only.

Robert Olsen, Environmental, asked for approval of a tile repair on JD #30 at a cost of approximately \$11,000.00. Motion by Sik, seconded by Vizecky to approve the tile repair on JD #30 at an estimated cost of \$11,000.00 located on the Dressen Family Farm property and requested by the renter of that property. All (3) voted in favor.

Olsen presented a resolution to provide interim financing and inter-fund loan authorization for CD #39 not to exceed \$300,000.00. Olsen would like the Board to review the resolution and have it approved at the next meeting when all of the Board members are present. Information only.

Olsen informed the Board that he attended the LBLID annual meeting. A letter has been sent to the DNR requesting a variance for a whole lake treatment. If the variance is denied, a detailed list of reasons will be requested. Information only.

Olsen informed the Board that Paul Fehrman has asked for assistance on a ditch crossing. We have done this in the past to assure that the crossing is installed properly. Olsen informed Fehrman that he would need to obtain a permit from the DNR and the Yellow Medicine Watershed. After the permits are approved, the Board will consider the request. Information only.

Daryl Schlapkohl, Lincoln County Parks Manager presented three quotes for a new pickup. Schlapkohl stated that he had budgeted for the pickup in 2019 but thought we could save some money if we purchased in 2018. The request has been tabled until the next meeting. Information only.

Schlapkohl informed the Board that an individual had requested a port-a-pottie for the softball field and Daryl had agreed. With the event that took place, there was approximately 37 campers that were brought into Hole in the Mountain Park. Schlapkohl asked for approval of the bill from Southwest Sanitation Inc. in the amount of \$485.00. Motion by VanDeVere, seconded by Sik to approve paying \$485.00 to Southwest Sanitation for the port-a-potties for an event at Lake Benton as an Auditor Warrant. All (3) voted in favor.

Schlapkohl presented a \$1,000.00 donation from the Lake Benton Class of 1958 which was earmarked for the Log Cabin Repair. Motion by VanDeVere, seconded by Sik to approve the receipt of the \$1,000.00 donation from James Koster in the name of Lake Benton Class of 1958 to be placed in the Log Cabin repair fund. All (3) voted in favor.

Robin Sterzinger, Lincoln County Financial Accountant reviewed the preliminary budget with the Board and would like them to review and discuss at the meeting on August 21, 2018. Sterzinger pointed out the departments with changes and the appropriations. The preliminary budget will be set at the first meeting in September. Information only.

Committee Reports were given:

Drietz – None  
 Hamer – None  
 Sik – Area II and RCRC, Highway Labor Management,  
 VanDeVere – SWHHS, Broadband, HRA, ACE, Western Mental Health, Supporting Hands  
 Vizecky – None

Auditor Warrants were presented.

Motion by Vizecky seconded by Sik to approve the following Commissioner Warrants #8070- #8152 for the following amounts: Revenue - \$82,035.86, Road & Bridge - \$24,463.02, Ditch - \$7,359.40 and LID - \$106.00. All voted in favor.

The following bills were over \$2,000.00 per M.S. 375.12: Computer Prof Unlimited Inc. - \$5,217.00, Guardian Fleet Supply - \$11,365.60, Johnson Trenching Co - \$7,500.00, Lyon Co Auditor-Treasurer - \$2,674.11, Petersen Law office PLLC - \$15,084.00, Pictometry International Corporation - \$23,397.92, Prairie Pride Cooperative - \$11,894.09, Renville Sales Inc. - \$2,031.12, Thompson Excavating - \$6,984.40, Tyler Oil Co - \$3,012.67 and 73 payments less than \$2,000.00 - \$24,803.37.

Deb Vierhuf, Lincoln County Auditor, reviewed the Retro Fit Lighting quotes with the Board. Two quotes were received and were as follows:

- Ivanhoe Electric \$28,500.00
- Thomas Electric, Inc. \$25,145.00

Motion by VanDeVere, seconded by Vizecky to approve awarding the Retro Fit Lighting quote to Thomas Electric, Inc. from Lake Benton with an estimate of \$25,145.00. All (3) voted in favor.

Vierhuf informed the Board that in order for the County to perform any election recounts, a Joint Powers Agreement needs to be signed with the State of Minnesota. Motion by Vizecky, seconded by Sik to approve the 2018 Primary Election Recount Joint Powers Agreement and the 2018 General Election Recount Joint Powers Agreement. All (3) voted in favor.

Vierhuf requested approval of payment to Stevens County for the purchase of CPUI. Motion by VanDeVere, seconded by Sik to approve paying \$175,000 to Stevens County, as the fiscal agent for Counties Providing Technology to cover costs associated with the hiring of an executive director, legal fees, the purchase of CPUI, potential employment agreements with existing staff, cash flow and other expense associated with the creation of a new governmental entity. Commissioner VanDeVere and Sik voted in favor. Commissioner Vizecky voted in opposition. Motion failed due to lack of majority.

Vierhuf presented the minutes for Counties Purchasing Technology to the Board. Information only.

Motion by Sik, seconded by Vizecky to adjourn at 12:33 p.m. All (3) voted in favor.

ATTEST:

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Mic VanDeVere, 2018 Board Chair

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Deb Vierhuf, County Auditor