



Horace City Council Meeting Minutes

The Horace City Council met on March 6, 2023 @ 6:00 pm at the Horace Fire Hall Event Center. Those present were Mayor Kory Peterson, Councilmembers Sarah Veit, Stephanie Landstrom, and Jeff Trudeau. Councilmember Naomi Burkland was absent. Others present included: Brenton Holper, City Administrator; Jace Hellman, Community Development Director; James Dahlman, City Engineer; Matt Voltz, Finance Director; Sally Showalter, Communications Specialist; and Lukas Croaker, City Attorney.

Mayor Peterson called the meeting to order at 6:05 pm.

The pledge of allegiance was recited.

Agenda Item #3: Approve Regular Agenda

Motion: Approve the Regular Agenda Removing Agenda Item # 14 Horace HQ, LLC. Liquor License Application.

1st Motion: Councilmember Veit

2nd Motion: Councilmember Landstrom

Action taken: All in favor, none opposed. Motion carried.

Agenda Item #4: Approve Consent Agenda

- a. Vendor Invoices
- b. Pledge Reports
- c. Water, Sewer, Storm, and Street Improvement District No. 2022-11 (Cub Creek 2nd Addition)
 - i. Progressive Estimate No. 2 to KPH, Inc.

Motion: Approve the Consent Agenda.

1st Motion: Councilmember Landstrom

2nd Motion: Councilmember Veit

Action taken: All in favor, none opposed. Motion carried.

Agenda Item #5: Approval of City Council Meeting Minutes from February 21, 2023.

Motion: Approve the February 21, City Council Meeting Minutes.

1st Motion: Councilmember Landstrom

2nd Motion: Councilmember Trudeau

Action taken: All in favor, none opposed. Motion carried.

Agenda Item #6: Public Comment

No comments.

Agenda Item # 7: Sheriff's Update | Craig Keller & Jake Murray, Cass County Sheriff's Department

The deputies were not able to attend the meeting.

Agenda Item #8: FY 2021 Final Audit | John Hagen, Eide Bailly

John Hagen from Eide Bailly presented the FY 2021 Final Audit. The opinion the City of Horace received for the fiscal year 2021 was a clean audit (an unmodified opinion in accounting terms). That means the City's financial statements were prepared in accordance with standards, do not contain misstatements, and are fairly presented.



Mr. Hagen explained that a city's federal fund needs a separate set of procedures once more than \$750,000 has been spent in a single year. Horace went over that threshold in 2021 because of the State Revolving Fund (SRF) loan which was taken out for the water projects and received unmodified opinion on it.

Agenda Item #9: 2023A Refinancing Improvement Bonds (RIB) | Lukas Croaker, City Attorney

Mr. Croaker presented the Parameters Resolution for the 2023A Refinancing Improvement Bonds (RIB) for the following four improvement projects:

Water, Sewer, Storm, and Street Improvement District No. 2021-1 (Southdale Farms 3rd Addition).

Water, Sewer, Storm, and Street Improvement District No. 2021-2 (Terra Gardens 3rd Addition).

Water, Sewer, Storm, and Street Improvement District No. 2021-3 (Lakeview Addition).

Water, Sewer, Storm, and Street Improvement District 2021-5 (Arrowwood 3rd Addition).

Mr. Croaker explained that the Parameters Resolution sets parameters for when the City sells the temporary bonds which are not to exceed \$21M and not to exceed an interest rate of 5.85% for all four projects. The pricing committee consists of Mayor Kory Peterson and City Administrator Brenton Holper.

Mayor Peterson asked Mike Manstrom and John Lundby from Colliers, who attended virtually via Teams video call, what interest rate would be achievable. Mr. Manstrom explained that Colliers was targeting an interest rate of 4.85%. He added that the bonds would be sold during the week of March 13, 2023.

Motion: Accept the Parameters Resolution for the 2023A Refinancing Improvement Bonds as Presented by Staff.

1st Motion: Councilmember Veit

2nd Motion: Councilmember Trudeau

Action taken: All in favor, none opposed. Motion carried.

Councilmember Landstrom requested a list of the City's current and upcoming bonds. Mr. Croaker replied that his office keeps an up-to-date list. Councilmember Landstrom asked to see it to keep track of the City's debt. Mr. Manstrom added Colliers keeps a debt-book that keeps track of the current bonds, but not the upcoming bonds. He concluded that he is more than happy to email it to Councilmember Landstrom.

Agenda Item #10: Visto Industrial Addition | Jace Hellman, Community Development Director

Mr. Hellman explained that staff had met with Prairie Scales' business owners to discuss the proposed street name change resolution for Visto Industrial 3rd Addition. Mr. Hellman summarized the original street name request and added that he sent letters to the other two property owners who would be affected by a street name change. Neither property owners have responded to Mr. Hellman as of March 6, 2023.

Mr. Hellman added that no action is needed from the City Council at this time but that he would continue to work with the property owners to find out which street name solution would be best for all parties involved.



Agenda Item #11: River's Edge 2nd Addition | Jace Hellman, Community Development Director

Mr. Hellman summarized the proposed modifications of the River's Edge 2nd Addition plat. Some of the modifications included the Homeowner's Association (HOA) lot sign size increase, adding fence easements, adding/modifying storm sewer and drainage easements, as well as private drive entrance reconfigurations. Mr. Hellman noted that the Planning Commission had recommended approval of the proposed plat modifications during its February 28, 2023, meeting. He concluded that the proposed modifications will not change the general layout of the River's Edge 2nd Addition plat.

Motion: Approve the Plat Modifications for the River's Edge 2nd Addition as Presented by Staff.

1st Motion: Councilmember Veit

2nd Motion: Councilmember Trudeau

Action taken: All in favor, none opposed. Motion carried.

Agenda Item #12: Enterprise Funds Debt Forgiveness | Matt Voltz, Finance Director

Mr. Voltz presented the Enterprise Funds Debt Forgiveness. He explained that prior to 2019, the Enterprise Funds (water, sewer, solid waste) were combined into one fund. They were budgeted to be separated in 2019 to have a complete view of each fund's performance and to enact more accurate revenue/expense management, to include regular reviews of utility pricing. During the conversion to three funds, there was money lent from fund to fund to start each with a positive balance.

The initial plan was to have these debts satisfied in FY2021 but in the transition of Finance Directors, it was never completed. The 2021 audit came back with a recommendation to satisfy the debts of \$175,931 due from the Water Fund to the General Fund and \$855,808 due from the Sewer Fund to the Water Fund.

All three impacted funds are currently healthy and independently sustainable. If the fund adjustments are made, it would strengthen the water fund, but would not be ideal for the sewer fund. As of YE22, the sewer fund balance combined with the sewer reserves are about half of what would be needed to satisfy its debt to the water fund. It may take several years to build the sewer fund back up, while the water reserves would sit around \$1M.

It is the staff's recommendation that this debt is forgiven and the transfer between funds does not need to occur. Mr. Voltz concluded that staff is seeking a motion of approval or denial from the City Council on the forgiveness of debt on the Enterprise Funds.

Motion: Approve Enterprise Funds Debt Forgiveness as Presented by Staff.

1st Motion: Councilmember Trudeau

2nd Motion: Councilmember Landstrom

Action taken: All in favor, none opposed. Motion carried.

Agenda Item #13: Horace Lutheran Church Cemetery | Brenton Holper, City Administrator

Mr. Holper explained that Cass County did not identify two cemetery lots in Horace when the special assessments for the 76th Ave. roundabout project and the Sanitary Sewer Line to Fargo were calculated. The two cemetery lots were assessed even though cemeteries do not get special assessed. Mr. Holper recommended waiving the remaining special assessments of the two cemetery sites and making sure that cemeteries will not get assessed going forward.



Motion: Approve Waiving of Special Assessments on Cemetery Sites as Long as the Horace Lutheran Church Corrects any Necessary Paperwork with the County.

1st Motion: Councilmember Landstrom

2nd Motion: Councilmember Veit

Action taken: All in favor, none opposed. Motion carried.

Agenda Item #14: (REMOVED) Horace HQ, LLC – Liquor License Application | Brenton Holper, City Administrator

Agenda Item #15: Engineering/Public Works Report | Jim Dahlman, City Engineer

Mr. Dahlman explained that the company Key Contracting is getting ready to mobilize the meter vault which will be delivered to Horace in the next couple of weeks. The meter vault is needed for the connection to Cass Rural Water project and will be installed when the weather improves.

Mr. Dahlman also informed the City Council about the Wall Ave. project and stated that staff continues to meet with residents to discuss their trees and right-of-way acquisitions. Staff will continue to work on a course of action and will bring another update to the City Council soon.

Agenda Item #16: City Administrator Report | Brenton Holper, City Administrator

Mr. Holper explained that staff has been working with Waste Management to resolve some of their ongoing service issues. There were many problems with pick-ups during the past two winter storms. Staff will continue to work with Waste Management to ensure service improvements.

Mr. Holper summarized the costs of trees that will be offered to residents through the new Boulevard Tree Program. The first tree for the front of an existing home that was constructed before 2023 will cost \$50, each additional tree will cost \$250. The first tree on an end lot on a side boulevard will cost \$50, each additional tree will cost \$250. The residents who apply can choose from four different tree types: maple, crab apple, oak, or elm. Once the weather gets warmer, the City will start ordering trees and collect payments from the residents. If the demand will exceed the \$10,000 budget that was planned for the program, the City Council can approve additional funds.

Staff received a request from the Horace Elementary School to turn the section of Main St. between Wall Ave. and Chestnut Dr. into a school zone. The request included a few options such as a traffic signal as well as flashing beacons. The road belongs to the County and they will make the decision when it comes to traffic signals. The City Council discussed multiple options that could be considered for the school area to ease traffic congestions including widening the road. Councilmember Trudeau recommended that the school should use their resource officer to control traffic when busing is not available. Councilmember Veit asked that a solution be found soon because kids are not safe walking to school. She added that traffic congestion is so bad at times, that emergency vehicles will also not be able to reach the school in case of an emergency.

Lastly, Mr. Holper reminded everyone that the annual Easter egg hunt will take place on April 1, 2023, at 3:00 pm on the lawn of the Horace Lutheran Church. There will be over 20,000 Easter eggs scattered all over the lawn. Kids will also be able to win prizes. The Horace Lutheran Church will offer Easter activities prior to the egg hunt at 2:00 pm on April 1st in their social hall.



Agenda Item #17: Portfolio Reports

- a. Mayor Peterson attended an HLC meeting. He gave a presentation about the future of Horace. He also met with Berkshire and attended a conference call with Moody's.
- b. Councilmember Veit said that she keeps getting project status updates from Mr. Dahlman and Mr. Croaker.
- c. Councilmember Burkland – absent.
- d. Councilmember Landstrom said she went on a ride-along with some of the public work's staff during one of the snowstorms.
She continues to work on the planning for the Horace 150th celebrations.
She extended her well-wishes to Sally Showalter who will be leaving her position as the City's Communication Specialist.
- e. Councilmember Trudeau explained that MetroCOG will be holding a second round of interviews for the Executive Director next week.
He also extended well wishes to Ms. Showalter.

Agenda Item #18: Adjourn

Motion: Adjourn at 7:29 pm.

1st Motion: Councilmember Trudeau

2nd Motion: Councilmember Landstrom

Action taken: All in favor, none opposed. Motion carried.

The next City Council Meeting is scheduled for **Monday, March 20, 2023, at 6:00 pm**