CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING

Regular Workshop Session of Monday, August 20, 2018
Community Center, St. Peter Room – 5:30 p.m.
600 South Fifth Street

I. CALL TO ORDER

II. DISCUSSION
A. Revolving Loan Fund Settlement Offer: Schettler
B. Project 33 Watershed Committee
C. InterCity Leadership Visit

III. ADJOURNMENT

Office of the City Administrator
Todd Prafke

TP/bal
TO: Todd Prafke  
City Administrator

FROM: Russ Wille  
Community Development Director

RE: Schettler (Hunter Hardwood) – Settlement Agreement

ACTION/RECOMMENDATION

None needed. For Council discussion only.

BACKGROUND

In 2013, upon the closing of Hunter Hardwood, the City entered into a repayment agreement with Greg and Neysa Schettler for the revolving loans they received as their business was started and expanded. The agreement approved by the City Council, combined the two notes into a single payment and established a zero percent rate of interest. Their payment was established at $50 per month.

In 2015, the repayment agreement was extended for a second twenty-four months. At that time the monthly payment was increased to $100 per month.

After receipt of the July 2018 payment, the balance of the Schettler note(s) is $47,438.77. At $100/month it would take more than 39 years to successfully repay the debt.

As such, I attempted to negotiate a more aggressive repayment plan with Mr. Schettler. I offered that the Schettlers provide a one-time payment of $20,000 and continued monthly payments of $100 for another twenty-four months.

The Schettlers refused this offer. They counter proposed that the agreement be extended another twenty-four months and that the payment be increased to $200/month. Alternatively, they offered to settle the matter in full, via payment of $23,719.39 which is 50% of the balance. The EDA rejected Mr. Schettler’s offer at their regular July, 2018 meeting.

EDA President Dunn appointed Mr. Ables and Mr. Hansen to undertake a review of the personal financial statement submitted by the Schettler household. The submittals indicate that the Schettlers have funds on deposit resulting from the sale of their former Saint Peter residence. The deposited funds exceed the balance of the Schettler debt.

The EDA considered the appropriate settlement in closed session at their regular July, 2018 meeting. Members of the EDA discussed a wide range of alternative negation parameters.
The City Attorney noted that the funds deposited as a result of the sale of the Schettler's former Saint Peter residence are protected from collection efforts for 12 months. If the Schettlers were to invest the deposits in the purchase of a new homestead, the funds would once again be exempt from collection efforts.

In closed session, the EDA provided certain parameters and directed me to attempt to negotiate a settlement more favorable to the City.

Based on the direction given by the EDA, Mr. Schettler and I negotiated a $26,091 settlement which constitutes 55% of the current principle balance. A total of $21,349 of the principle would be discharged and forgiven.

In 2012, the City of Saint Peter released its second mortgage on the former Hunter Hardwood shop and showroom at 220 Dodd Avenue property to First National Bank. The bank paid the City $3,000 to relinquish the mortgage. The City's release of the mortgage allowed First National Bank the opportunity to negotiate the sale of the property to a third party.

The Schettler loan was established at 0% interest by the loan extension agreement negotiated with the City in 2013. Prior to that time the notes were interest bearing. A total of $12,351 had been received in interest payments before the note was converted to 0% interest.

If the proposed settlement is accepted, it could be argued that the net loss on the loan would be calculated to be $5,997.

The EDA voted to recommend the City Council accept the Settlement Agreement negotiated with the Schettlers. As such, City Attorney Brandt drafted a Settlement Agreement which the Schettlers have executed and returned to my office.

The matter is tentatively scheduled for City Council consideration at the August 27th meeting.

City Attorney Brandt will attend the Council workshop to help the Council assess their limited options regarding the proposed Schettler debt.

Please feel free to contact me should you have any questions or concerns on this agenda item.

RJW
Memorandum

TO: Honorable Mayor Zieman  
Members of the City Council

FROM: Todd Prafke  
City Administrator

RE: Project 33 Watershed Committee

DATE: 8/16/2018

ACTION/RECOMMENDATION

None needed. For your information and discussion only.

BACKGROUND

The City Council has previously discussed working jointly with Nicollet County on a project the County is calling "Project 33 Watershed".

The goal of this agenda item for Monday's workshop is to discuss the appointment of two Councilmembers to serve as the City's representatives to this Committee. The Committee is planned to be made up of two Nicollet County elected officials two City of Saint Peter elected officials with additional participation provided as requested by both City and County Staff.

In general the mission of this committee is to focus on the watershed area west of Saint Peter, but understanding the impact of the watershed on the City, rules related to County ditches and other watershed rules, and seeking possible solutions or opportunities to challenges in the area.

Enclosed you will find a Google Earth map showing the watershed area to the west of the City limits that will be under discussion as part of this Committee.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal
Memorandum

TO: Honorable Mayor Zieman  
Members of the City Council

FROM: Todd Prafke  
City Administrator

RE: Intercity Leadership Visit (ICLV)

ACTION/RECOMMENDATION

None needed. For your discussion and input.

BACKGROUND

By now you should have received the "Save the Date" for Greater Mankato Growth’s 2018 Intercity Leadership Visit (ICLV) to Fayetteville, AR on October 10-12. Those of you who have attended past ICLV trips know that they provide rich insight on important challenges and opportunities facing Greater Mankato. They also provide an outstanding opportunity to interact and network with like-minded community leaders. The trip to Fayetteville promises to offer the same experience. I think participants found it very valuable from both an educational and networking perspective.

Registration closes on August 31st. As in the past, the delegation is limited to 80 participants. As a result, I am hoping to get input from the Council on who should participate so that we can get you registered as soon as possible to reserve your place.

A pre-departure orientation for the delegation is set for 4:30-6:30 p.m. on September 11 at the Verizon Center. This event gives participants the opportunity to mix with other delegates and provides important information in preparation for the trip.

PURPOSE - The purpose of an Intercity Leadership Visit (ICLV) is to bring together community leaders to advance the collective good of our community. Every few years, Greater Mankato Growth gathers a cross section of top leaders in government, business and non-profit sectors of our region to address relevant topics and issues currently impacting the Greater Mankato region. This delegation then travels to another U.S. community to be introduced to successful innovative ideas and programs that are in alignment with our community visioning goals and priorities and that will offer us some good examples of opportunities and best practices that may be adapted and implemented in Greater Mankato.

GOALS OF THE TRIP - Past delegates and E2020 stakeholders were surveyed to identify the most pertinent goals to study on this trip. While all areas of E2020 are important, the highest topics of interest were:
- Affordable housing
- Greater Mankato as destination for visiting, working and living
- Talent Development/Attraction/Retention
- Regional recreation

WHY FAYETTEVILLE? - The planning committee and professional staff at Greater Mankato Growth did extensive research and spoke with past delegates to pick the best city that has experienced challenges and success on key initiatives that align closely with those of our Greater Mankato community. Their research clearly confirmed that Fayetteville has assets and experiences that our region can learn from including:

- Great schools with a tax base to support growth
- Major regional medical hub
- Development of a cultural corridor and entertainment district
- Extensive bike/hike trail system
- Vibrant downtown
- Strong sense of regional identity and cooperativity
- Good mix of businesses with steady business growth
- Strong corporate philanthropy to support local projects
- University is a significant asset and has good a relationship with the community

In the past the Council has chosen to send one staff member and one Councilmember and I hope as part of the workshop that you can determine who would be interested in attending. The deadline to register is not that far away.

I would anticipate the cost to be about $1,800 per participant.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal