

MINUTES OF THE REGULAR MEETING OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PAWNEE CITY, HELD ON MONDAY, MARCH 22, 2021 AT 7:00 P.M. AT THE PAWNEE CITY PUBLIC LIBRARY MEETING ROOM, 735 8TH STREET, ALL IN PAWNEE CITY, PAWNEE COUNTY, NEBRASKA.

Notice of this meeting was given in advance thereof by advertising in the Pawnee Republican, a designated method for giving notice as shown by the Affidavit of Publishing on file in the office of the City Clerk. Notice of this meeting was given to the Mayor and City Council and a copy of their acknowledgment of receipt of the notice and the Agenda are on file in the office of the City Clerk. Availability of the agenda was communicated in the advance notice and in the notice to the Mayor and Council of this meeting. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public.

Present: Mayor Charlie Hatfield (telephonically); Council Members: Susan Eisenhauer, Ric Helms, Bruce Haughton and Donnie Fisher; Kellie Wiers, Deputy City Clerk/Treasurer, Tammy Curtis, City Clerk/Treasurer and Spencer Cumley, City Foreman. **Absent:** none.

Council President Bruce Haughton called the meeting to order at 7:00 p.m. informing all those present of the Posters stating the Open Meeting Law Changes on the West meeting room wall accessible to the public.

Council Member Eisenhauer made a motion to accept the March 8, 2021 regular meeting minutes. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried.

The Treasurer submitted the following claims for consideration: **3/16/21 Payroll:** 10,014.84; **Union Bank & Trust**, FWH 2744.87; **NE Dept. of Rev**, SWH 374.58; **NW Mutual**, retirement 1102.46; **Allstate**, cancer/accid. ins. 228.46; **Ameritas**, vision ins. 116.60; **BCBS**, health ins. 6292.68; **PCDC**, January 2020 sales tax 5773.40; **Windstream**, phone & internet, 545.47; **Spectrum**, internet & phone @ shop 164.97; **SYNC/AMAZON**, library materials 158.63; **Seneca Sanitation**, Feb. 2021 sanitation services 5992.50; **Quill Corp.**, office supplies 127.49; **Amazon Capital Services**, zoning, distance measuring wheel, 39.97; **Black Hills Energy**, gas service for month, 423.16; **Nebraska Public Power District**, electric service 3513.72; **Pawnee True Value**, repair supplies 129.40; **Kay Park Rec Corp**, fire ring @ pond 313.00; **Martin Marietta**, rock for alley behind 1229 G Street, bus barn alley & stockpile 1101.30; **Midwest Labs**, labels/shipping 39.00; **Sheraud Warren**, reimb for CDL permit 43.00; **Walker Process Equip**, squeegee arm for clarifier @ swr plant 466.12; **Diversified Drug Testing**, drug & alcohol tests for empl# 500 122.50; **Jeff Johnson**, demo reimb 1249 B ST 4000.00; **Lincoln Winwater Works**, pipe for draining wtr @ 337 7th ST 221.88; **Moser Tree Service**, stump removal 100.00; **Municipal Supply**, wtr parts 183.48; **Winnelson**, tube for 1148 5th ST 304.40. Council Member Helms made a motion to approve the claims as submitted. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried.

Julie Bauman, Present FY 2019-2020 Audit: Ms. Bauman narrated a Power Point presentation to the Council explaining the 2019/2020 audit. She explained that this year has been challenging due to Covid-19 and has affected financial foresight. Bauman's office had created a new audit team this year and the audit was completed off-site. The report is broken down into a financial section and a supplemental section which compares the past years budgets and also looks at the major funds (General, CDBG, Water, Sewer and Garbage). The General fund would also include

Streets. As auditors, they have to write opinions on each of the funds so it is segmented. As auditors, they don't go through 100% of the transactions but they look at all of the categories and each line item on the balance sheet, investments, assets, capital outlay, new loans, bonds and really look at the tax flow and how you can afford your current spending. It used to be that an entity would receive one main opinion but now, they receive "opinions." Therefore, if there are issues with one certain fund, it can be segmented by itself and then the auditor can give separate opinions on all of the other funds. This audit looked at everything involved with the General Fund. A major change has been a new reporting format which will outline Risk more and be more transparent. The City of Pawnee City has four different component type units and they all operate separately, have their own checking account and investments. These include the Airport Authority, Cemetery Association, Economic Development and the Assisted Living. The audit writes an opinion on these units as a whole but does audit each component separately. Some items looked at include payroll, compliance, contracts, invoices and deposits. The total assets for these components is \$2,177,610.00. The audit wrote an "unmodified opinion" which means there were no findings, which is good. Total assets decreased from 2019 but not an alarming amount when you take into consideration all of the depreciation. Total Equity increased which will give you a better picture of how the City has done and the City's equity is strong despite the affects from the pandemic. Total Liabilities decreased since the City is making all of their payments. Capital Assets have increased each year since 2018. Governmental revenues and grants have decreased from last year because the pool wasn't open last year due to Covid-19 but the balance sheet is strong. The Proprietary (enterprise—for a profit) Funds include Water, Sewer and Garbage. They have full accrual, receivables, payables, accrued interest and debt schedules but Garbage is a "cash in & cash out fund" because it is a service provided through the City. The City's Cash Flow has a positive balance but actually decreased \$1156.00 from last year so the Cash Flow budget is really tight. Overall, the City's budget showed no material weaknesses, no significant deficiencies and no compliance findings. Council Member Eisenhower asked Ms. Bauman if it was a good move for the City to refinance the bonds? Ms. Bauman explained that it was a good move.

Anthony Nussbaum, Appoint three members to the Board of Commissioners of the new Regional Housing Agency "Southeast Nebraska Housing Partnership" (SNHP): Anthony Nussbaum explained to the Council that this will be the first set of commissioners for the joint committee between Pawnee City and Falls City. There are typically five-year terms, however the first new terms are short for the first two commissioners. Ray Kappel will be a five-year term but for the future each person will have five-year staggered terms so they are not coming off at the same time. Terry Borchert is currently on the Pawnee City Housing Authority Board and will work on both boards until Pawnee City Housing dissolves. Vickie Zelenka had served on the City Council so she is pretty familiar with the Housing Authority and Ray Kappel is a current resident at Pawnee Housing Authority and he was elected by the residents on site. Council President Bruce Haughton asked where the new Board would meet. Mr. Nussbaum explained the new Board will alternate back and forth but they are currently able to link up both sites together for a meeting so people would not have to travel. The Open Meetings Act is up for some amendments to allow for more video conferencing so we will wait and see how that works out. The Commissioners that are elected between Falls City and Pawnee City will make that determination on where and how they will meet. The current Board will not dissolve until the RAD conversion is completed around July 1st but could still be meeting until October depending

upon the needs of the residents. The new Board will start to meet prior to July 1st to start setting some policies. Ray Kappel asked if there will be a dress code? Mr. Nussbaum replied not unless the Board sets one. Council Member Eisenhower made the motion to approve Terry Borchert, 2-year term; Vickie Zelenka, 4-year term and Ray Kappel, resident, 5-year term to the Board of Commissioners for the Southeast Nebraska Housing Partnership. Council Member Helms seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried.

Joe Stehlik, Reuse Committee member to present Memorandum of Understanding on recommendation from Reuse Committee on Little Brown Jug Reuse Loan for Council

action: Joe Stehlik was present to update the City Council on the status of this Reuse loan. Mr. Stehlik said there was a lot he would like to say but it is not prudent to say it. It is what it is. There are two options and one is no choice at all. The Nebraska Dept. of Economic Development came up with the choice as listed in the memorandum Mr. Stehlik wrote to the Pawnee City Council which would be to meet the national objective from HUD, the source of the federal funds, reducing the amount of the eligible loan to \$89,775.00. Otherwise, the City may be responsible for a portion of this loan. Mayor Hatfield, a member of the Reuse committee was present by telephone. Mr. Stehlik explained that Kelly Gentrup from SENDD had offered to attend the City Council meeting to help explain the situation but Mr. Stehlik explained that he didn't think it would be beneficial to the City and would just extend the meeting. Clerk Curtis explained to the Council that SENDD (Southeast Nebraska Development District) and NDED (Nebraska Dept. of Economic Development) met, which included, Tom Bliss (SENDD), Kelly Gentrup (SENDD), Crystal Dunekacke (SENDD), and Tom Stephens (NDED) who are the ones that had discussed all of this and came up with a summary of options which option A is explained in the letter. In Option B, the Federal government could make the City pay the \$150,000 back and it could not come out of the Reuse fund. It would have to come out of the General Fund. So, that isn't really an option. Mr. Stehlik has been working on this almost daily and even the morning of this day trying to find a better option. Council Member Eisenhower asked, in summary, that the City is basically waiving approximately \$52,000 of this loan? Mr. Stehlik explained this is basically what HUD is mandating, which trickles down to SENDD and NDED, in order for the loan to be in compliance with the job creation mandate. Council Member Eisenhower further asked if this is reducing the total loan from \$141,000 to \$89,000? Stehlik explained that \$51,422 would be forgiven minus the proceeds from the sale of the property (Little Brown Jug location). Stehlik explained there has been quite a bit of interest and if the property would sell for more than this, it isn't clear who would be entitled to the proceeds after the \$51,422 was covered. The difference may have to go to NDED or HUD. Stehlik feels these proceeds should go back to the City but since he is the Reuse attorney, he cannot represent the City. Clerk Curtis explained that in one of the conversations, this money may have to go back to NDED and they would hold onto this money in case the Federal Government (HUD) would come after the City for this money but then there was conflicting information that this debt could go back into the Reuse fund. Council Member Helms asked if the City Attorney knows about this? Clerk Curtis explained that the Council had voted to retain Joe Stehlik as the Reuse Committee attorney. Council Member Eisenhower further explained that Stehlik had all the background experience with the Reuse Committee. Mitch Turnbull was present in the audience. Mr. Turnbull said he had questions about the loan balance and how the whole process starts and works. Turnbull explained that he had a Reuse loan at one time and had paid it off about the

same time that Jamie Graham and Steve Messing were applying for their loan. He further explained that he had researched this at the Register of Deeds. Jamie and Steve had originally purchased the Little Brown Jug for \$86,500 and the City loaned them money to pay the previous owner off but gave them a \$150,000 loan. The Deed of Trust on April 11, 2018 was \$86,500 but seven months later the City loaned them \$150,000. So, the City had loaned them an extra \$54,000. Why? Where did the money go then? Stehlik explained that details of the loan could not be discussed in a public meeting. Council Member Helms asked Stehlik if the Council accepts this agreement where does this put us with the other Reuse loans that are out? What happens if Schilling doesn't want to pay off his loan? Stehlik explained that this direction is coming from HUD and not coming from the Reuse Committee and this option would be the least loss to the City. Council Member Eisenhauer stated if we don't approve this, then they are going to come after us for \$150,000? Do you have this in your budget? Council Member Helms asked, if they do approve it, then they can't come after us? Stehlik explained the direction coming from HUD doesn't make a lot of sense to his "farm boy logic" but this is our only choice. Mayor Hatfield explained that if "they" take out bankruptcy then the City will be stuck with the whole amount. This will protect the City to the point if they do file bankruptcy, they still have to sell the building and contents and we'll get some reimbursement from that. Otherwise, HUD can come after the City and that money will have to come from the General Fund and then whose budget will that come out of? At one time, Reuse was considered the lender of last resort if a person couldn't get a loan from the bank. When the Reuse Committee meets and discusses loan requests, it is sometimes a gamble with each loan and if it will be an asset to the City, then the committee will approve the loan and take a chance. Mitch Turnbull stated that he had a Reuse loan at one time and he didn't consider Reuse a lender of last resort because he could have borrowed money from anyplace for his business but he chose Reuse because it offered the lowest interest rate. Stehlik explained that he has worked with the Reuse program for thirty-four years and this is the first time that a loan has defaulted. Mr. Turnbull explained that for every \$35,000 dollars that is borrowed, there has to be 1 full time job created. Stehlik explained that there are items involved in the history of this loan that the public doesn't know about and it cannot be discussed in a public meeting. Council Member Helms stated that it was his understanding that a Reuse loan is for local businesses and he said that there have been loans approved and the money disappeared from this town but he cannot prove anything. I'm just saying that in the future, when the Council approves a loan, we need a little bit more information. Stehlik said the oversight was with SENDD and for 34 years, we never lost a payment. Discussion followed about Transportation Tech which is current on their loan but their office is no longer located in Pawnee City. Council Member Eisenhauer stated that she felt the Council really doesn't have much choice. Council Member Helms agreed. Council Member Eisenhauer made the motion to approve the memorandum from the Reuse Committee. Council Member Helms seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried. Stehlik suggested to Ray Kappel that he should be careful about how he reported on this Reuse discussion tonight and use good judgement. Stehlik said that he had to be guarded on what information he disclosed tonight. Ray explained that it would be up to his boss to not disclose certain information.

Review/Approve Proclamation declaring April 4-10, 2021 as National Library Week:

Council President Bruce Houghton read the National Library Week Proclamation to all present. Council Member Eisenhauer made the motion to approve the Proclamation declaring April 4-10

as National Library Week. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried.

Report and update from Council Member Helms: *Discuss proposed costs to rock all of the rock streets in town;* Council Member Helms explained to everyone present that he wants the Council's blessing. There are two miles of rock streets in town that need rocked and Helms plans to put 1 ½ inch of crusher run on them for a total of 528 tons for \$19.46/ton delivered for a total of \$10,300 for the rock and approximately \$2500 for the use of Gyhra Construction's motor grader with their operator for their time and fuel. So, at the very most, \$15,000. Council Member Helms had talked with Martin Marietta himself and obtained these figures. Council Member Helms made a motion to rock all of the rock streets in town with 1 ½ inch crusher run for a total of 528 tons for \$19.46/ton delivered for a total of \$10,300 for the rock and approximately \$2500 for the use of Gyhra Construction's motor grader with their operator for their time and fuel. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried. Clerk Curtis explained that there was \$12,000 budgeted for rock and \$2,000 has been spent already but since the bids to repair the roof at the City Shop, which would come out of the Street budget, came in so much lower, there is money leftover to cover this expense. Therefore, it would not be necessary to amend the budget in order to rock streets which auditor, Julie Bauman had explained that the State would not look at this favorably as a reason to amend a budget. This is an expense that should have been foreseen to budget for in the first place.

Report and update from Deputy Clerk Wiers: *Discuss correspondence re: Purchasing Christmas LED Lights;* Deputy Clerk Wiers explained the two sales orders in the agenda packet from Temple Display, Ltd. One is for \$15,016.61 and the other is for \$16,691.33. The City had budgeted \$13,500 for new Christmas lights split between six funds. These sales orders are for LED lights which are more expensive but they last longer and use less energy. Deputy Clerk Wiers had contacted PCPN to see if they would make a donation towards the purchase of the lights but was denied and said that other towns had paid for their own lights so the City could pay for their own. Deputy Clerk Wiers had discussed this with Mayor Hatfield about asking the Chamber of Commerce to help with lights so the City is on the agenda for their next meeting which is not until April 1st. Temple had offered the \$15,016.61 discount until Feb. 28th from Sandy Gundy sales-person. Sandy had offered to allow the City to order all of the lights but pay half of the cost in this budget year and pay the rest in next year's budget but she would need a decision from tonight's Council meeting in order to get the discount. Otherwise, costs are increasing 7 % in July plus costs are also increasing due to Covid-19. Mayor Hatfield explained that we would still ask the Chamber of Commerce for help with the expense even if the Council decided to pay half this year and half next year. The City orders the fireworks for the Chamber and donates money for it and now the City Crew is going to water the flowers this year for them. Chamber is part of the community and the City should still ask them for a donation on this. Clerk Curtis said it was suggested asking the Masonic Lodge for a donation for new Christmas lights, which is a community organization but they have already met this month. Clerk Curtis explained that even if the Council decided to pay half and half, the City could still pay it off this year if we can raise the rest of the money this year. We can still use all of the \$13,500 that has been budgeted for this year. Council President Haughton questioned the \$990.83 shipping/handling. He feels that seems rather high for a \$15,000 purchase and asked if that figure could be

negotiated. Clerk Curtis explained that Temple probably hires a different company to ship the items and that's what the shipper charges. Deputy Clerk Wiers also explained that these Christmas decorations are around 4' x 5' and rather large and a total of thirty decorations. Haughton instructed Wiers to ask Temple when the order is placed. Deputy Clerk Wiers reminded the Council that the discount on the order actually ended Feb. 28th but she will ask about shipping plus we will still ask other organizations to help with the cost of the new lights. Foreman Cumley stated that the current Christmas lights are old and we spent \$500 in new light bulbs this year. Council Member Eisenhauer made the motion to purchase new Christmas lights from Temple Display for \$15,016.61 but also ask the question whether they can make a deal on the shipping to make it lower and to pay for half the cost of the lights this year and the rest of the cost next year unless the City receives additional funding from other sources within the City. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried. Deputy Clerk Wiers reminded the Council that the City is on the agenda for the next Chamber meeting on April 1st to discuss Christmas lights. Council Member Helms asked who was attending that meeting? Mayor Hatfield stated that he and Deputy Clerk Wiers are planning to attend that meeting.

Review/Act on Johnny Stephens' Demolition Reimbursement Request at 420 5th Street:

Council President Haughton stated that he looked over the site and it looks good. Council Member Helms made the motion to approve Johnny Stephens' demolition reimbursement request at 420 5th Street for a total of \$4000. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried.

Review email from Lori Anderson with PCAL's Profit/Loss Treasurer's Report; Discuss PCAL making the motion to pay \$20,000 towards what they owe the City: Mayor Hatfield asked Julie Bauman, CPA, how the City should handle this payment towards PCAL's loan with the City. Ms. Bauman explained this money will be a balance sheet item and not treated as revenue and will not affect the budget. It is actually already counted in the budget as a Note Receivable.

Review/Approve Interlocal Agreement with the Village of Table Rock for Kenneling Services for a period of three years from March 2021-2024: Council Member Eisenhauer made the motion to approve the Interlocal Agreement with the Village of Table Rock for Kenneling Services for a period of three years from March 2021-2024. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried. This agreement has been drawn up to be similar to the interlocal agreements with Pawnee County and other towns inside Pawnee County. Mayor Hatfield asked if the Sheriff's department had yet received a key to the walk-in gate to the Sewer Plant next to the kennels. Foreman Cumley said he will talk to Sheriff Lang and make sure they receive copies.

Review/Approve changes to #6 under Employment re: Sewer Certification Testing changes in City Employee Handbook. Discussion followed about the changes to the policy and the need for all crew members to be certified. The City will continue to pay for two tests but the employee will pay for the third and subsequent tests. Mayor Hatfield summarized that we don't want an employee to lose their job because of the Sewer test but we do want the employee to know that

they need to be certified to keep their job. Council Member Eisenhower made the motion to approve changes to #6 under Employment re: Sewer Certification Testing changes. Council Member Fisher seconded the motion. Roll Call vote indicated all present voting in favor of the motion, whereupon motion carried. At this time Council Member Eisenhower addressed the Council and asked if anyone had seen the email from the League of Municipalities that the City is going to receive \$140,000 in Covid-19 money? Clerk Curtis explained that she had seen the email late today but didn't have time to read it. This is money that was approved by the Federal government but there are stipulations on how it can be spent.

Report and update from City Foreman Cumley: *Discuss Well House #3 needing repair work done on it;* Foreman Cumley had talked to local contractor, Kurt Benson, about Well House #3. The well house is a stick building on top of a cement slab and there is constantly water on the floor from the blow offs and the air release and it's rotted a hole all the way through the bottom of the wall. You can see through the hole to the outside. It has been repaired before. When the weather is warmer, Benson will look at it and give an estimate on how much it will cost to repair it.

The City Council reviewed correspondence from January 2021 total Sales Tax of \$17,564.96 with ½% Street Repairs Sales Tax totaling \$3,848.93 and \$2,169.24 being Motor Vehicle Sales Tax. The Council reviewed the email from NPPD in regards to the recent Energy Emergency load reduction events that happened on February 15th & 16th. NPPD will work to prevent that from happening again. Council President Haughton stated that it certainly got everybody's attention and we were fortunate in Pawnee City. Mayor Hatfield stated that Seneca, Kansas experienced a day without electricity for two hours.

Clerk Curtis reminded the Council that the April 12, 2021 Council Meeting will start at 6:00 pm. because Ken from Nebraska Rural Water Association will conduct a Board Training Workshop with them.

Council Member Fisher made the motion to adjourn the meeting. Council Member Helms seconded the motion. Roll Call vote indicated all in favor of the motion and meeting adjourned at 8:40 p.m.

ATTEST: Kellie A. Wiers, Deputy City Clerk

Charlie Hatfield, Mayor