

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING  
MAY 27, 2025**

The meeting was called to order at 5:30 p.m., in City Hall Council Chambers by Mayor Rick Von Holdt with the following Council Members present: Chris Kielblock, Dennis Weber, Mike Kuhle, Amy Ernst. Larry Janssen (excused).

Staff present: Steve Robinson, City Administrator; Hyunmyeong Goo, City Engineer; Cristina Adame, Community Relations & Communications; Mindy Eggers, City Clerk.

Others Present: Sam Martin, *The Globe*; Ryan McGaughey, *Radio Works*; Oscar Martinez, Cable 3 TV.

The Pledge of Allegiance was recited.

**AGENDA APPROVED WITH ADDITIONS/CHANGES**

A motion was made by Council Member Kielblock, seconded by Council Member Weber and unanimously carried to approve the agenda as presented.

**CONSENT AGENDA**

A motion was made by Council Member Ernst, seconded by Council Member Weber and unanimously carried to approve the consent agenda as presented.

- Regular City Council Meeting Minutes of May 12, 2025
- Water Light Commission Meeting Minutes of May 19, 2025
- Law Enforcement Center Joint Powers Board Meeting Minutes of May 14, 2025
- Water & Light Commission Meeting Minutes of May 5, 2025
- Board of Review Meeting Minutes of May 1, 2025
- Heron Lake Watershed Board Meeting Minutes of April 16, 2025
- Application for Parade Permit or to Block Streets - Independent School District 518
- Application for Parade Permit or to Block Streets - Solid Rock Church
- Municipal Liquor Store Income Statement for the Period of January 1, 2025 through April 30, 2025
- Olson Park Statement of Revenue and Expenditures - Budget and Actual for the Period of January 1, 2025 through April 30, 2025
- Field House Statement of Revenue and Expenditures - Budget and Actual for the Period of January 1, 2025 through April 30, 2025
- Bills Payable Totaling \$1,111,870.44

**PUBLIC FACILITIES AUTHORITY (PFA) LOAN EXTENSION APPROVED**

Steve Robinson, City Administrator, said the City of Worthington and the Minnesota Public Facilities Authority (PFA) entered into a loan agreement relating to financing improvements to the municipal wastewater treatment plant, in August, 2021. The agreement made up to \$30,322,821 available at 1% interest for a twenty-year term. Under the terms of the agreement, all project related expenses incurred prior to June 30, 2025, were eligible for reimbursement from loan proceeds. Through April 2025, \$28,183,189.45 in loan proceeds have been disbursed and we have repaid a total of \$3,562,821.00 in principal and \$601,956.09 in interest.

Staff at Public Utilities have been contacted by PFA staff inquiring whether Worthington was interested in extending the current June 30, 2025, deadline for eligible expenses to June 30, 2026. The majority of the project expenses have already been incurred but staff is anticipating that there may be additional expenses incurred after June 30, 2025, and have indicated to PFA that the city would like to take advantage of the one-year extension. He noted the extension would not have any impact on the loan maturity date of August 20, 2041.

The motion was made by Council Member Kuhle, seconded by Council Member Kielblock and unanimously carried to authorize the Mayor and the City Clerk to execute the PFA extension document.

#### **NOMINATING COMMITTEE APPOINTMENTS / REAPPOINTMENTS APPROVED**

The Nominating Committee met on Thursday, May 22, 2025 and made the following recommendations for the following appointments / reappointments:

Planning Commission	Appoint Craig Stock to a first-three year term, term to expire March 31, 2028
Airport Advisory Board	Appoint Brian Larsen to as first three-year term, term to expire September 30, 2028
	Appoint Andrew Dorcey to fill the unexpired term of Chad Jaycox, term to expire September 30, 2026

The motion was made by Council Member Ernst, seconded by Council Member Weber and unanimously carried to approve the committee appointments / reappointments.

#### **COMMITMENT OF SPENDING PLAN FUNDS FOR WETLAND MITIGATION AT THE SOUTH SHORE APARTMENTS DEVELOPMENT APPROVED**

Mr. Robinson said Kuepers Architects and Builders are moving forward with plans for a market rate

rental housing development in which the first phase includes two 38-unit apartment buildings with future plans for three additional buildings. Kuepers' undertook a wetland delineation study of the project site. The delineation report determined that approximately 1.11 acres planned for building and roadway sites are classified as Type 1, 2 or 3 wetlands.

He explained mitigation of the wetlands may be accomplished by buying wetland credits on the basis of two credit acres for each wetland acre. The estimated cost for 2.22 acres of wetland credits is \$155,400 plus engineering and administrative fees.

In December, 2022, City Council established a Spending Plan by transferring \$2,329,478 of unobligated TIF 7 funds to the spending plan. Funds in the Spending Plan are authorized to "...provide assistance to private development consisting of the development of a variety of housing to address the City's housing needs. This includes, but is not limited to, both market rate and workforce housing along with a combination of owner occupied and rental housing".

The Spending Plan currently has \$1,000,000 in uncommitted funds that may be directed to assist Kuepers and the City in mitigating the wetlands identified in both the developer's building site and the proposed street right-of-way. The estimated cost is \$155,400 plus reimbursable expenses. He noted the funds are only available until December, 2025 and the unused amount must be transferred back to the TIF 7.

The motion was made by Council Member Kuhle, seconded by Council Member Weber and unanimously carried to commit the spending plan funds to reimburse the developer for wetland mitigation in both the building and right-of-way sites.

**RESOLUTION NO. 2025-05-36 ADOPTED RELATING TO FINANCING OF CERTAIN PUBLIC IMPROVEMENTS BY THE CITY OF WORTHINGTON; ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE**

Hyunmyeong Goo, City Engineer, said in order for the City to comply with federal tax regulations and Minnesota Statutes Section 429, the City must adopt a resolution stating its intent to reimburse itself with bond proceeds for project costs incurred before bonds are issued.

He explained it is common practice for the City to cover early project expenses using internal funds and issue bonds later when project costs justify it.

The reimbursement would be for the East Flower Lane Extension, starting at the East Gateway Drive just north of Casey's extending approximately 800' West.

A motion was made by Council Member Kielblock, seconded by Council Member Ernst and

unanimously carried to approve the following resolution:

RESOLUTION NO. 2025-05-36

A RESOLUTION RELATING TO FINANCING OF CERTAIN PUBLIC IMPROVEMENTS BY THE CITY OF WORTHINGTON; ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

(Refer to Resolution File for complete copy of Resolution)

**APPROVED AT GRANT AND SUPPORTING DOCUMENTS FOR EAST OKABENA TRAIL PROJECT AND RESOLUTION NO. 2025-05-37 ADOPTED APPROVING ACTIVE TRANSPORTATION PROGRAM GRANT AGREEMENT GRANT TERMS AND CONDITIONS SAP 177-090-006**

Mr. Goo said the City of Worthington has been awarded \$1million in Active Transportation (AT) funding from the State of Minnesota for the East Okabena Lake Trail Project.

A motion was made by Council Member Weber, seconded by Council Member Kuhle to approve the State of MN Active Transportation Program Grant Agreement.

A motion was made by Council Member Kielblock, seconded by Council Member Weber and unanimously approved to adopt the following resolution:

RESOLUTION NO. 2025-05-37

A RESOLUTION APPROVING ACTIVE TRANSPORTATION PROGRAM GRANT AGREEMENT GRANT TERMS AND CONDITIONS SAP 177-090-006

(Refer to Resolution File for complete copy of Resolution)

**RESOLUTION NO. 2025-05-38 ADOPTED APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS AND APPROVED PLANS FOR EAST FLOWER LANE STREET AND UTILITY IMPROVEMENTS**

Mr. Goo said staff has prepared the plans and specifications for the East Flower Lane Street and Utility Improvement Project. The project is scheduled for the underground utility construction and first lift of pavement to be done during the 2025 construction season. The final layer of the pavement will be done in the Spring of 2026.

Bids will be received until 2:00 p.m. on June 18, 2025, and will be brought forward for consideration

and award at the June 23, 2025, City Council meeting.

The motion was made by Council Member Weber, seconded by Council Member Ernst and unanimously carried to approve the following resolution:

RESOLUTION NO. 2025-05-38

A RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING  
ADVERTISEMENT FOR BIDS

(Refer to Resolution File for complete copy of Resolution)

**APPROVED AMENDED LEASE AGREEMENT WITH MINNESOTA ENERGY  
RESOURCES CORPORATION (MERC) FOR EAST OKABENA TRAIL**

Mr. Goo said at the Special Council Meeting held on April 16, 2025, the Council approved a License Agreement with Minnesota Energy Resources Corporation (MERC) for the development and use of East Okabena Trail on a portion of MERC's property.

Since that time, MERC has requested amendments to the original agreement regarding the term and termination notice. The amended agreement reflects the following revised terms:

Key Revisions to the Agreement:

- Term: The license term has been revised from 25 years to an initial term of 20 years, continuing year-to-year thereafter.
- Termination: Either party may terminate the agreement with 180 days' written notice, rather than the original 90-day notice.

All other terms of the agreement remain unchanged, including the City's right to construct and maintain a public recreational trail for non-motorized use, the requirement to begin construction within one year of the effective date, and the City's responsibility for ongoing maintenance and safety.

The motion was made by Council Member Ernst, seconded by Council Member Weber and unanimously carried to approve the amended License Agreement with Minnesota Energy Resources Corporation reflecting the revised term and termination provisions for the East Okabena Trail.

**CONSIDERATION OF ENTERING INTO NEGOTIATION TO ACQUIRE A SECTION OF  
PARCEL #31-3497-250 APPROVED**

Mr. Goo explained as part of the Service Drive/Service Road Utility and Street Improvement Project,

staff has identified the need to acquire a portion of parcel 31-3497-250, owned by Roger and Ann Baschke at 2221 Oxford Street. The acquisition of this land is necessary to accommodate proper roadway alignment and support ongoing infrastructure improvements in the area.

This section will also serve as a vital connection between Service Drive and the Service Road, and is being planned as a potential detour route for the 2026/2027 Trunk Highway 59/60 turnback project. Securing this right-of-way is essential to ensure uninterrupted traffic flow during future state highway construction.

An appraisal that was completed in April determined the value of the land to be \$50,000.

The motion was made by Council Member Kuhle, seconded by Council Member Weber and unanimously carried to approve the purchase agreement and authorize the acquisition of the requested necessary right-of-way.

### **COUNCIL COMMITTEE REPORTS**

Mayor Rick Von Holdt - No report.

Council Member Ernst - No report.

Council Member Weber - No report.

Council Member Kuhle - Attended a CVB Marketing Committee meeting. They continue to work on packages to entice people to our city. The first package has 2 tickets to a show at the Memorial Auditorium, a hotel stay and a \$60.00 restaurant certificate, with a value of \$330.00, and a cost of \$200.00. The closing on Prairie Acres is Friday, May 30, 2025. Also attended an LEC meeting, the former Kids Peace will become a Behavioral Health for children that will include 8 counties and allow for 72-hour holds. He said he does has reservations about it being a secure facility.

Council Member Kielblock - Attended a Public Arts Commission meeting in Larry Janssen's absence, they are working on some new signage for area public art.

### **CITY ADMINISTRATOR REPORT**

Mr. Robinson said he had no report.

### **ADJOURNMENT**

The motion was made by Council Member Kielblock, seconded by Council Member Weber and unanimously carried to adjourn the meeting at 6:01 p.m.

Mindy Eggers, MCMC  
City Clerk