

**Hartley City Council Meeting
Special Session
December 20, 2016**

The special meeting of the Hartley City Council was held Tuesday, December 20, 2016 at 5:15 p.m. in the Hartley City Hall. Mayor Pro Tem Mary Westphalen presided and called the meeting to order at 5:15 p.m. City Council Members present were: Jerry Olson, Ron Hengeveld, Roxann Swanson, Mary Westphalen and Val Moermond. Others present: Patty Anderson, Jordan Kerr, Terry Hilbert, Nick Pedley, Harold Dawson, Marjean Westerman, Andy Schierholtz, Rob Jacobs, Bill Thompson, Dave Treimer, Steve Leng and Steve Prins.

Swanson moved to approve the agenda. Seconded by Hengeveld. Roll Call: Ayes. Hengeveld, Swanson, Westphalen, Moermond and Olson. Nays. None. Motion Carried 5-0.

Andy Schierholz, President of the Hartley Economic Development Corporation (HEDC), informed the Council a lawsuit was filed by Randall Sease and Robert Noll against HEDC in regards to the Pine Grove Housing Addition. It will affect approximately five lots bordering the Sease and Noll properties. Sease and Noll have brought legal action against HEDC for fifteen feet of the lots along the north boundary of the Pine Grove Addition. A couple of years ago Sease and Noll asked HEDC to sell them footage along the north boundary. HEDC declined their offer. HEDC didn't want to change the lot depths in the Pine Grove Addition. In the fall of 2015, HEDC was served a lawsuit by Sease and Noll who claimed they had owned the land referenced for more than ten years through Boundary by Acquiescence.

Andy explained our position is that HEDC is a part of the City and we realize it is an organization of their own with their own bylaws. HEDC's budget is City money. Pine Grove is City property. Whenever someone buys a Pine Grove lot the purchaser receives a \$5,000 rebate if they build within one year and the net balance of the money is given to the City. It's the City that's done the bulk of the project. HEDC does the leg work and can work faster selling the lots to people than city government can. The City purchased and developed the Pine Grove Addition. HEDC has received a bill from Cmelik Law Firm who represents HEDC on the lawsuit. Attorney fees incurred to date are \$12,810. The court date for this lawsuit is set for April 4, 2017. Andy informed it's likely the legal fees will continue to increase. The legal fees are half of HEDC's budget and HEDC will use 50% of their budget if not more by the time it is done. HEDC is asking the City for \$12,810.

Jerry Olson informed when the City bought that property everything was done, all the liens and title were clear and it was City property.

City Attorney Harold Dawson explained HEDC is asking the city to transfer funds to them. Economic Development is a legitimate public purpose.

Roxann Swanson stated after the lots are sold the money is transferred back to the City and the City funds HEDC through the budget each year.

Mary Westphalen moved to approve payment to the Hartley Economic Development Corporation of \$12,810 of legal fees for public purpose for City of Hartley and future of Hartley Economic Development Corporation. Seconded by Swanson. Roll Call: Ayes. Westphalen, Moermond, Olson, Hengeveld and Swanson. Motion Carried 5-0.

Hengeveld moved to adjourn the meeting at 5:45 p.m. Seconded by Moermond. Roll Call: Ayes. Westphalen, Moermond, Olson, Hengeveld and Swanson. Nays. None. Motion Carried 5-0.

Mary Westphalen, Mayor Pro Tem

ATTEST:

Patty Anderson, City Clerk/Administrator