

**APPROVED MINUTES SUMMARY
OF THE CITY COUNCIL & EDHA BOARD
CLOSED SPECIAL MEETING
CITY OF EAST GRAND FORKS
TUESDAY, JUNE 24, 2014 – 5:00 PM**

CALL TO ORDER:

The Closed Special Meeting of the East Grand Forks City Council for June 24, 2014 was called to order by Council President Buckalew at 5:00P.M.

CALL OF ROLL:

On a Call of Roll the following members of the East Grand Forks City Council were present: Mayor Lynn Stauss (5:01), Council President Craig Buckalew, Council Vice President Greg Leigh, Council Members Clarence Vetter, Dale Helms, Henry Tweten, Mark Olstad, and Chad Grassel.

CALL TO ORDER:

The Closed Special Meeting of the East Grand Forks Economic Development/Housing Authority Board for June 24, 2014 was called to order by Board President Wogaman at 5:00P.M.

CALL OF ROLL:

On a call of Roll the following members of the East Grand Forks Economic Development/Housing Authority were present: President George Wogaman, Vice-President Justin Hecht, Treasurer Kerry Knoff, Secretary Nan Larson, Board members Chip Shea, Chad Grassel, and Mark Olstad.

DETERMINATION OF QUORUM BY BOTH CITY COUNCIL AND EDHA BOARD:

Council President determined there was a quorum for the City Council and the EDHA President determined there was a quorum for the EDHA Board.

Council President Buckalew stated that Mr. Galstad will make the announcement to why there is a need to close the meeting. Mr. Galstad stated that this meeting is being closed pursuant to Open Meeting Law 13D.05 sub 3(b). He explained there is a balancing test between the public's right to know and be informed and the council's ability to get confidential legal advice from their counsel. He introduced Mr. Brad Sinclair from the Kaler Doeling Law Firm and explained how he needs to have a candid and open discussion with the board and council regarding the effects of litigation. He added how an open meeting could have an effect against the defense and strategies and possible reconciliation which is one of the primary reasons for having a confidential meeting.

Mr. Galstad stated that the only item discussed will be the outstanding or delinquent loan of Boardwalk Enterprises LLP. He stated how the loan was discovered, how the public would like answers, and the City has now hired Mr. Sinclair to represent them in the collection of this loan. He added how both the City and the EDA has made it clear that they will pursue all legal obligations available to them to pursue

the collection of the loan. He explained that there was an insurance claim that was started that could possibly pay for some or most of Mr. Sinclair's fees. He added that if this meeting is open it could be detrimental because it could place all of the information, legal strategies, and potential reconciliation of the City and EDA to collect on this loan in the hands of possible litigants. Mr. Galstad said that Mr. Sinclair is going to present the legal strategies, the research he had completed, and discuss how the law applies to this case. He again stated that with addressing these issues in an open meeting would be a significant detriment to the City in protecting its rights in regards to the collection of this loan. He stated the sole purpose of this meeting will be limited to discussing litigation strategy and no other business will be addressed.

Mr. Galstad stated that based upon those reasons the need is being demonstrated that a confidential meeting is necessary and appropriate. He asked the Mayor be allowed to be addressed and then close the meeting. Mayor Stauss stated about two or three weeks ago he had a pretty good reputation in this town, had 27 years of trying to building it, and in two weeks it was torn down. He added how some people are looking at how he might have a conflict of interest including some council members and how he understood that because of them being brothers. He said that he knew from the very beginning not to join in that venture because of conflict of interest so he stayed out of it and told his brother as well as Mr. Richter he did not want to know anything about it so he could honestly say when asked that he did not do anything with this. He continued by saying that since the public and some of the council feels that he has a conflict of interest he wanted to read a statement and then leave the meeting.

He read the following statement. "As you are aware my brother is involved with Boardwalk Enterprise LLP. As I have repeatedly told the press and all of you I have never had any ownership in the building or the business. I have absolutely no knowledge concerning this loan." He stated that majority of what he signs is already prepared, told what it is, and signs it without reading the document. He continued on by saying "I had absolutely no knowledge concerning the loan nor was I involved in any of the City's decisions regarding this loan. In order to continue the lack of involvement I am clearly stating that I do not have a conflict of interest and recuse myself from all of the conversations, meetings, and any discussions with this matter from here on in. So I want you to feel free to discuss, talk, but if there is something that you would like to question me about I will gladly answer it also. He ended by stating he was leaving the meeting to let the council proceed.

Mr. Galstad informed everyone that if there are going to be any more closed meetings that a press release will be going out before and after the meeting is over so there is information going out to the public and the council is able to accomplish the goal of pursuing this debt. He asked that the meeting be closed and that anyone not involved be excused.

1. Closed session with both the City Council and EDHA Board to discuss possible litigation. The closed session is to be performed according to the exception to the open meeting law pursuant for Attorney-Client Privilege according to Minnesota Statute § 13D.05, Subd. 3(b).

A MOTION WAS MADE BY COUNCIL MEMBER LEIGH, SECONDED BY COUNCIL MEMBER OLSAD, TO MOVE INTO A CLOSED SESSION TO DISCUSS POSSIBLE LITIGATION. THE CLOSED SESSION IS TO BE PERFORMED ACCORDING TO THE EXCEPTION TO THE OPEN MEETING LAW PURSUANT FOR ATTORNEY-CLIENT PRIVILEGE ACCORDING TO MINNESOTA STATUTE § 13D.05, SUBD. 3(B).

Voting Aye: Tweten, Olstad, Leigh, Grassel, Vetter, Helms, and Buckalew.
Voting Nay: None.

A MOTION WAS MADE BY BOARD MEMBER GRASSEL, SECONDED BY BOARD MEMBER LARSON, TO MOVE INTO A CLOSED SESSION TO DISCUSS POSSIBLE LITIGATION. THE CLOSED SESSION IS TO BE PERFORMED ACCORDING TO THE EXCEPTION TO THE OPEN MEETING LAW PURSUANT FOR ATTORNEY-CLIENT PRIVILEGE ACCORDING TO MINNESOTA STATUTE § 13D.05, SUBD. 3(B). .

Voting Aye: Wogaman, Hecht, Knoff, Larson, Shea, Grassel, and Olstad.
Voting Nay: None.

Mr. Galstad asked that Mr. Hageman be addressed. Mr. John Hageman with the Grand Forks Herald thanked the City for making an effort to be transparent and added that as a representative of the Herald he thought it would be in the public's interest to be open. He added that there could be legal precedence for the meeting to be open considered open and he was making that request respectfully. Mr. Galstad stated that was duly noted but they will be following his opinion.

Discussion followed in closed session.

A MOTION WAS MADE BY COUNCIL MEMBER LEIGH, SECONDED BY COUNCIL MEMBER GRASSEL, TO MOVE INTO OPEN SESSION.

Voting Aye: Tweten, Olstad, Leigh, Grassel, Vetter, Helms, and Buckalew.
Voting Nay: None.

A MOTION WAS MADE BY BOARD MEMBER GRASSEL, SECONDED BY BOARD MEMBER HECHT, TO MOVE INTO OPEN SESSION.

Voting Aye: Wogaman, Hecht, Knoff, Larson, Shea, Grassel, and Olstad.
Voting Nay: None.

ADJOURN:

A MOTION WAS MADE BY COUNCIL MEMBER OLSTAD, SECONDED BY COUNCIL MEMBER GRASSEL, TO ADJOURN THE JUNE 24, 2014 CLOSED SPECIAL SESSION OF THE EAST GRAND FORKS, MINNESOTA CITY COUNCIL AND EDHA BOARD AT 7:00 P.M.

Voting Aye: Tweten, Olstad, Leigh, Grassel, Vetter, Helms, and Buckalew.
Voting Nay: None.

David Murphy, City Administrator/Clerk-Treasurer