



## Goodhue City Council and Goodhue Lions Club Special Meeting Minutes

City Hall ~ March 26, 2025 ~ 4:00 p.m.

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**Present:** Mayor Ernie Valenzuela, Council Members Joe Benda, Michael Brunkhorst, Chris Schmit, Jeannine Nagel, City Administrator Lisa Redepenning, Administrative Assistant/Clerk Lori Luhman

**Absent:** None

**Guests:** McCrae Olson, Thomas Pasch, Joseph Zignego, Ken Blattner, Lynn Nardinger, Michael Hinsch, Jerry Tipcke, Sarah Bien, Kerry Bien, Travis Huemann, Nick Gravemann

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### Call to Order

Mayor Valenzuela called the meeting to order at 4:00 p.m.

### RENTAL AGREEMENT

The meeting opened with discussion about the building rental agreement between the City and the Goodhue Lions Club. Attorney Vose mentioned it was a very basic agreement that expires in 2042. It could still be used, and the City would be open to any changes instead of starting over. Goodhue Lions member Nardinger asked why the issue even came up. Wayne Schilling, of the Goodhue Lions Club, stopped at City Hall and he said it really should be updated, and the City could have their attorney look at it and that the Goodhue Lions would pay for it. The Goodhue Lions members stated that these decisions need to be made by their board at a Goodhue Lions meeting. According to the Goodhue Lions the main concern was the insurance. The wording for insurance coverage and some wording that is incorrectly referring to the City of Red Wing at the end of the agreement.

### INSURANCE COVERAGE

Goodhue Lions member Tipcke mentioned the lease is fine, but the confusion is in Section 11, (11a and 11b) which states that both parties need to provide insurance coverage on the building, which doesn't make sense. City Administrator Redepenning was looking for coverage for the building based on that and referenced \$8000 possibly due to the City. The City then received a renewal notice for \$2,200 for the building and wanted to make sure that the building did not have double coverage. The premium went up substantially from previous years. It was discovered that the Goodhue Lions are not covering the building, just the City is. For the last eight years the City has paid insurance premiums for the building and contents coverage. That's why the City is questioning this as it has paid for both and didn't want either party to be paying for unnecessary coverage expenses.

Attorney Vose informed that it is typical if a City leases out a piece of property, that the City is not going to rely on some other party's insurance to cover their building. It is common to require renting entities to have liability insurance for things that happen there. As for the insurance, the agreement just needs to clarify what the City needs and what the Goodhue Lions needs are listed on the agreement. These two sections, 11 a. and 11 b. in the agreement seem to conflict with each other and need clarification. The Goodhue Lions do have liability insurance. Goodhue Lions member Bien mentioned the building was bought by the Goodhue Lions and donated to the City, because the Goodhue Lions cannot own property. Attorney Vose clarified Section 11 a. says that the City is going to maintain insurance on the structure of the building and b. is the Goodhue Lions maintain insurance of their own property, fire damage and public liability insurance. Attorney Vose stated it separates it clearly and the language works as written. Lion Member Tipcke stated that the Goodhue Lions Club is not covering the contents of the building and has been relying on the City for that coverage. The City has covered it since 2012. The appliances and furniture were bought through City funds so it would be majorly cost effective if we could reimburse the City for the "Contents" coverage because we could never get insurance for \$246 a month. The only change to make that correct is add a sentence that the Goodhue Lions reimburse the City for the insurance for contents coverage. But after discovering that the contents are purchased with City funds, the contents would be considered City property also and thus covered by the City's contents coverage. The City asked; If the Goodhue Lions moved to a completely different building, what items from the building would they take with them? The response from

the Goodhue Lions Club members that were present was “The Banner” and that was it. The City wants to be sure that in 20 years, we want to be sure that staff can read this agreement and understand clearly what it says. Attorney Vose stated he will work on those provisions and get a copy to the Goodhue Lions to look at and work through the language.

The other piece is the snow plowing and lawn care of the property. Member Tipcke mentioned there is no more lawn care for the property as it is all concrete now. He believes that snow plowing was done by Thomforde Enterprises, but the City has been doing it for the last several years and not sure why.

#### DONATIONS

The lease states that if the Goodhue Lions use the building, the Goodhue Lions should maintain the building. The Lions donate money to the City and the question is how the donations should or should not be used. Two things that are confusing on the City side of the gambling with the old ordinances, but the newer City Code Chapter 116 says what every City said about charitable gambling that organizations must be required to:

- 1) Give 10% to City and
- 2) Spend remainder to broader Goodhue area for the community

There must be some reporting to show that at least the 10% is entirely under the City’s control. If there is more given that is donated and earmarked how the Lions want it spent, it cannot be included in the 10%.

When donations come to the City that are earmarked for a specific thing, a resolution needs to be made to accept that money to be used for the request. The request could require maintenance expense and thus needs council approval through a resolution. Attorney Vose clearly stated what can’t happen is, here is the 10%, and now the Goodhue Lions give you the rest of their money with restrictions telling the City how to spend it, even if saving up for bigger items or projects.

#### BUILDING FUND MONEY

If money is for the building, the City can’t hold it for you and then give it back. Mr. Bien informed that the City had a running tab for the Goodhue Lions for the Building fund and payments would get issued for Lion’s building expenses. Attorney Vose explained that the City cannot just pay the bill. That is like paying money back to the Goodhue Lions. The City is the one who should be doing the buying and the Contracting of work to use that money for building expenses. If it is under the \$175,000 threshold, the City could contract it. Anything over that amount would need to go through the bidding process. Goodhue Lions members also mention that members use their talents to help keep costs down and do a lot of work themselves. The contract says that the Goodhue Lions Club maintains the building so they can use their own money to do the maintenance. Goodhue Lions Member Bien reminded that the club cannot spend money to benefit the Club, that is why the money was given to the City to hold for the building fund. In the case of a plumbing problem or emergency, the work was done, and the bill was turned into the City to pay out of the Goodhue Lions Building fund.

The Goodhue Lions can’t hold money from year to year. The City cannot hold the money for the Goodhue Lions unless it is earmarked for them. The City is classified as charitable. We don’t know what the 10% is until their fiscal year is up. The Goodhue Lions get the official annual audit report in October. The current funds were kept on an Excel Spreadsheet and if the City went bankrupt, none of their money would be available and/or new staff would not know that part of that money was the Goodhue Lions. So as Council Member Schmit mentioned having separate funds for the 10% and the building fund would be beneficial for tracking.

The 10% payment needs to be made monthly by the last day of each month. This has not been happening so it would be helpful if the Goodhue Lions could offer something to the City as to when the payments will occur. It is our obligation that we’re getting the right amount. The City would need to check with their auditor or financial advisor as to how to handle that money. The current balance is \$13,013.44.

#### CITY GAMBLING PERMIT (2 YR)

Attorney Vose said that it formally should be done by resolution for gambling within the City and it has not been done for the last few years and it would be in the Goodhue Lions best interest in case the State Gambling board would request they ask to show that you have the City’s approval for that spot at the bar in town so that should get adopted for 2025.

## LIQOUR LICENSE

Some clarification on alcohol use at the Goodhue Lions Building. If you are serving alcohol to the public, you need a license. The private set-ups need a license. If someone brings alcohol to the park for a family picnic it can be consumed but not sold. You do not need a liquor license if you are not selling it and only bringing and serving.

Mayor Valenzuela thanked everyone for attending.

## **Adjournment**

The meeting adjourned at 5:00 p.m.

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Respectfully submitted,  
Lori Luhman, Administrative Assistant/City Clerk