

# EAST BETHEL CITY COUNCIL WORK MEETING

May 28, 2025

The East Bethel City Council met on May 28, 2025, at 6:00 p.m. for the regular City Council Work meeting at City Hall.

MEMBERS PRESENT:           Ardie Anderson           Suzanne Erkel           Brian Mundle  
  Tim Miller                 Jim Smith

ALSO PRESENT:               Matt Look, City Administrator

## 1.0 – Business Advisory Council

Look stated that they transitioned over from citizen involvement on the EDA to Council at the last, and he had brought up the possible opportunity for a Business Advisory Council, which would give them some community input. Look asked for the Council's input to advise staff.

Miller stated that he thinks this is a great idea and could open up the doors for a lot of things for the City.

Erkel stated that she agrees, but they need to make sure they are talking with business owners, not residents or retired business owners.

Miller asked how often they envision them coming in and meeting. Look stated that they would speak to them and see what works best, but maybe quarterly.

Look stated that some retired business owners could provide very valuable input for the City as well.

Anderson asked if it would be set up like a work session. Look stated that they could do it like that or have a private meeting, depending on what their preferences are.

Anderson stated that the consensus is for the staff to move forward with the idea.

## 2.0 – Senior Center Liquor License

Look stated that staff did some preliminary research on the requested liquor license for the Senior Center, and the current Code is based on special permits. Look noted that the license for the Senior Center might be a little more difficult because it will require significant rewriting of the Code.

Mundle stated that he thinks it would be worth looking into.

Erkel asked what the difference was between Coon Lake and Whispering Aspen and the Senior Center. Mundle stated that alcohol is not permitted at Whispering Aspen. Anderson stated that Coon Lake is not City owned.

Look stated that they cannot contradict their other Code. Anderson asked if they could get an estimate on what a Code change would cost the City.

Look estimated a minimum of \$10,000 worth of work.

Look stated he will bring back more information for the Council to consider.

## 3.0 – Whispering Aspen Discussion

Mundle stated that he will be abstaining from any discussion and direction given to the City.

Look stated that they began looking into this and had their attorney look through the contract and asked to gain the desired next steps from the Council for this discussion.

Smith asked where they are with this. Look stated that currently, there is a purchase agreement and he met with the Mundle's in April.

Smith asked Mundle who he was representing at that meeting. Mundle stated that he is abstaining from the discussion.

Smith stated that he is concerned to know if Mundle was representing the City or the business at the meeting.

Miller stated that he brought this up in September and was told that it was a good contract and that the City was covering all the expenses. Miller stated that as a Councilmember for East Bethel who was elected to protect the City's interest, he must ensure a transparent and honest governance. Miller noted that in the last few months, they have uncovered a pattern that has cost their taxpayers hundreds of thousands of dollars.

Miller stated that what should have been a temporary arrangement has become a 2-decade-long misappropriation of public resources.

Miller stated that the Councilmember who works for the development company has misrepresented facts.

Miller referenced Minnesota Statute 471.87 and discussed its implications and the violations.

Miller stated that this business has failed to pay commercial taxes while in the City's building, failed to pay rent or utilities for 21 years for unidentifiable reasons, operated a commercial business in a residential zone with an illegal sign since 2005, benefited from taxpayer-funded improvements, and participated in questionable property transactions with a City councilmember.

Miller stated that they are trying to take immediate action to end all the unauthorized benefits, pursue full reimbursement of taxpayer funds in able, request further investigation where appropriate, and implement strict oversight measures to prevent taxpayers this from happening again.

Miller stated that the taxpayers deserve to know how their tax dollars have been used.

Miller stated that they owe the business owners and developers who have followed all the regulations and rules an apology, and they all deserve an equal playing field.

Miller stated that by operating a commercial enterprise in the Community Center, this business has effectively deprived three vital public entities of a rightful tax revenue for 21 years, their schools, their County, and the City.

Miller stated that the Councilmember's dual role as a public official and beneficiary of these undervalued lots, combined with his employment by the developer, creates the exact type of conflict and interest that Minnesota law prohibits.

Miller stated that everything he discussed is factual and is supported by the 2004 purchase agreement.

Miller stated that he is outraged about what has been done in the last 21 years regarding this matter.

***(Verbatim comments from Councilmember Miller are attached as an addendum.)***

Anderson stated that he does not have much knowledge regarding this since the discussion began in September.

Smith stated that they have all the proof of it and would gladly give it to Anderson if desired.

Erkel stated that it not only took away from entities but also other businesses and prevented other businesses from coming to East Bethel. Erkel stated that it is very disappointing.

Miller stated that they cannot allow this to go on.

Look stated that having gone through this, a portion of the contract has a road rework that needed to be done and \$2,000 per property was set aside. Look stated that they have collected \$148,000 of those properties. When the work was done in 2014, it cost \$266,871.80 with a deficiency of \$188,871.80.

Look stated that there is some conflict between what the cost was, the deficiency, and what needs to be accounted for.

Look stated that they have two options. (1) A five-year no-rent that they operate in this facility, and they look at covering operating costs. (2) Go to Anoka County courts to initiate a declaratory action and say that they believe X amount is owed to the City. Look stated the estimate to do that may fall somewhere in the \$50,000 range.

Erkel stated that she says no to rent-free and she does not think that there is any business in the City that is rent-free.

Look referenced Article 3.4 in the current contract.

Smith stated that the City is not responsible for the road overlay; the purchaser is, according to what he has read.

Smith stated that the City should right out a bill to BDM for the \$188,871 that is owed.

Miller stated that he is not willing to let them have 5 more years rent-free when they have already had 21 years.

Mundle Sr. from the audience began speaking about his side of the agreement and that he believes when the City accounts for the interest on the money he put into an account, the City will actually owe him \$100,000.

Miller stated that he thinks they need to hear from residents. Erkel stated that she thinks they should pursue the court action.

Anderson stated that he is abstaining because he does not have any knowledge.

Smith stated that he would like to hear from the residents to see what they would like for the City to do after reading all the information presented by Miller.

Look stated that it is incumbent upon both parties to come together and compromise. Look stated the question is what that compromise should look like.

#### **4.0 – Crime-Free Community Ordinance**

Not discussed.

#### **5.0 – Adjourn**

Work Meeting adjourned at 7:01 p.m.

Submitted by:

Lilian Rokosz

*TimeSaver Off Site Secretarial, Inc.*

# SECTION 1 - OPENING AND INITIAL FINDINGS

"[REDACTED]

stand before you tonight with a heavy heart but a firm resolve. As your elected representative, I have a solemn duty to protect our city's interests and ensure transparent, honest governance. Recent investigations have uncovered a disturbing pattern of misconduct that has cost our taxpayers [REDACTED] dollars over the past 21 years. *WHAT APPEARS TO BE 100's of Thousand of*

In 2004, our city entered into a Purchase Agreement with a developer for 75 acres of land. This agreement specifically stated that our city would retain Outlet C, which contained our community center. The developer was granted temporary office space use until the plat was completed. What should have been a temporary arrangement has instead become a two-decade-long misappropriation of public resources!

*I Believe you could call a*

Let me be clear about what our investigation has revealed:

For 21 years, this private business has occupied [REDACTED] square feet of our community center without paying: *APPROX. 400-600*

- Any rent
- Any utilities including electricity, gas, water, and sewer
- Internet, phone, or security system costs
- Building maintenance or cleaning services
- Snow removal or lawn care *- USE of Public Parking Lot to Store Trailers*
- Their share of major improvements including new AC units totaling \$19,800, new doors at \$13,000, and [REDACTED] roof repairs. *IT SEEMS IT SEEMS*

Even more troubling, *IT SEEMS* this business has operated as a commercial enterprise in a residential zone while avoiding all commercial property taxes [REDACTED]

The situation becomes more concerning when we examine the role of one of our sitting council members. This council member, who works for the development company, [REDACTED] *IT APPEARS* misrepresented facts by claiming his father donated the community center to our city - a claim *IT THAT LOOKS TO BE* directly contradicted by the original Purchase Agreement. This same council member recently received two lots from the developer, valued between \$40,000-\$60,000 each, but recorded at only \$3,000 each in an apparent attempt to evade proper deed taxes. *in 2001*

*WHAT LOOKS TO BE*

*only paying 1.65 Tax for Each Lot. One on each side of his home.*

"The impact of this situation extends far beyond just our city coffers. By operating a commercial enterprise [REDACTED] community center [REDACTED], this business ~~IT~~ <sup>IN OUR</sup> has effectively deprived three vital public entities of rightful tax revenue for 21 years: <sup>SEEMS,</sup>

1. Our Schools: Which could have used these funds for:

- Educational resources
- Teacher support
- Infrastructure improvements
- Student programs

2. Our County: Which has been denied resources for:

- Essential services
- Road maintenance
- Public safety
- Social services

3. Our City: Which could have directed these funds toward:

- Community improvements
- Public services
- Infrastructure needs
- Emergency services

When we calculate the lost commercial property tax revenue over 21 years, split three ways among these entities, we're talking about significant resources that should have been serving our community's children, families, and residents. Instead, these tax dollars were effectively gifted to a private business through what appears to be a deliberate misuse of tax- [REDACTED].

DOLLARS

This isn't just about one business avoiding its fair share - it's about two decades of lost resources that could have been investing in our community's future, our children's education, and our county's services. Every taxpayer in our community has been carrying an extra burden while [REDACTED] business enjoyed these improper benefits.

IT APPROVES THIS

"While this may be difficult for our community to hear, [REDACTED]  
[REDACTED] But as Councilman who take a oath, we cannot allow personal relationships to override  
our responsibility to protect public resources and maintain ethical governance. This  
isn't about politics or popularity - it's about upholding the law and protecting taxpayer  
interests. Every dollar that funded this private business was a dollar that could have  
been used for our community's genuine needs. As your elected officials, we must act  
on these findings, regardless of how uncomfortable or challenging that may be." *It's our  
job to do so!*

"To the 236 legitimate businesses in our city who have faithfully:

- Paid their rent and utilities
- Complied with zoning requirements
- Paid their proper taxes
- Operated transparently and legally
- Shouldered their fair share of operating costs

We owe you an apology. You deserved better from your city government. While you've all played by the rules - paying your costs of doing business, following zoning laws, and contributing your fair share to our tax base <sup>UNFORTUNATELY IT LOOKS LIKE</sup> one business has been operating with unfair advantages at taxpayer expense for over two decades.

<sup>In my opinion HAS TO</sup> This stops now! We cannot claim to support fair business practices while allowing one entity to operate under a completely different set of rules. Every business in our city deserves a level playing field. The days of special privileges and hidden subsidies are over. They Need to be Over!

<sup>need to be</sup> We ~~are~~ committed to ensuring that all businesses in our city operate under the same rules, face the same obligations, and receive the same treatment under the law. No exceptions, no special deals, no matter who you know or what connections you have.

This is not just about recovering taxpayer funds <sup>IN MY MIND</sup> - it's about restoring faith in fair governance and ensuring every business owner in our community knows they're competing on equal terms and fair. <sup>FOR TWO DECADES TAX DOLLARS HAVE</sup>

<sup>BEEN SPENT.</sup>

## SECTION 2 - LEGAL IMPLICATIONS AND RESPONSE TO THREATS

"I must specifically address the legal implications of these actions. Minnesota Statute 471.87 explicitly states: 'Except as authorized in section 471.88, a public officer who is authorized to take part in any manner in making any sale, lease, or contract in official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom.'

*#True*

*Key Point*

The violations we've documented [redacted] *may include the following*

1. Failure to disclose direct financial interests gains
2. Failure to pay deed taxes
3. Deliberate concealment of true gift values
4. Violation of state disclosure requirements
5. Potential tax evasion through intentional undervaluation *or NON commercial TAX payment*

Now, regarding potential legal threats against our city for exposing these facts - every statement made is documented and supported by:

1. The original 2004 Purchase Agreement
2. City property records and zoning ordinances
3. Detailed utility and maintenance records (21 years)

[redacted]

5. County property records showing undervalued lot transfers
6. Minnesota State Statutes *471.87 - 471.88*

[redacted]

8. [redacted] financial records showing taxpayer costs */ to the best of our ability from data on record and presented to us, from the city staff.*

Truth is an absolute defense against any claim of defamation. This business [redacted]: *appears to*

- Failed to pay commercial taxes *until this year! Reason why? HAVE*
- Failed to pay rent or utilities for 21 years *for 2 decades.*
- Operated commercially in a residential zone with illegal sign *since 2005*
- [redacted]
- Benefited from taxpayer-funded improvements *AC UNITS, New Doors, Roof Repair*
- Participated in questionable property transactions with a sitting council member

*Trying to take*

We are [redacted] action to:

1. End all unauthorized benefits *Stop Paying Their Bills*
2. Try and Pursue full reimbursement of taxpayer funds if possible
3. Request further investigations where appropriate
4. Implement strict oversight measures to protect our taxpayers

*In my opinion*

*Appears to be*

Any legal threats against our city would be unfounded. Our city's legal position is strong, our facts are documented, and our duty to protect taxpayer interests is clear.

We will not be deterred from our obligation to:

*is feel free*

*Our residents to bring this to the attention of our residents, as we took RPV OATH TO*

- Protect public resources
- Ensure proper use of taxpayer funds
- Maintain transparency in government
- Uphold the law and our zoning ordinances
- Recover misappropriated public funds ~~available~~

The time for operating in shadows and silence has ended. Our residents deserve to know how their tax dollars and public resources have been used, and we stand ready to defend these truths in any forum necessary." *Moving forward*

*Our residents have a right to say No!*

To recap :

In 2004, our city entered into a Purchase Agreement with a developer for 75 acres of land. This agreement specifically stated that our city would retain Outlet C, which contained our community center. The developer was granted temporary office space use until the plat was completed. What should have been a temporary arrangement has instead become a two-decade-long misappropriation of public resources which did not benefit the city or its tax payers for two decades and at this company's current pace or average through the years will take approximately 15 more years to complete .

## [LEGAL SECTION]

Minnesota Statute 471.87

This law exists to protect taxpayers from exactly this type of self-dealing. The councilman's acceptance of these two lots, valued between \$40,000-\$60,000 each based on comparable sales in the same development, while deliberately recording them at just \$3,000 each, represents multiple violations:

1. Deliberate concealment of the true value of these gifts
2. Violation of state disclosure requirements for public officials
3. Potential tax evasion through intentional undervaluation

The statute is unambiguous - public officials cannot have hidden financial interests in matters they oversee. This councilman's dual role as both a public official and a beneficiary of these dramatically undervalued lots, combined with his employment by the developer, creates exactly the type of conflict of interest that Minnesota law prohibits, in my opinion. (Knows Tax Dollars were payin. Bills here & Dist nothing)

The deliberate undervaluation of these lots from their true market value of \$40,000-\$60,000 to just \$3,000 each suggests a conscious effort to evade proper deed taxes and hide the true nature of these transactions from public scrutiny. This pattern of deception directly violates the transparency requirements fundamental to public service.

When an elected official accepts valuable gifts from a developer doing business with the city, fails to disclose these gifts, underreports their value, they violate not just the letter of the law but the essential trust placed in them by our community.

Let me be absolutely clear - every statement I've made tonight is documented, factual, and supported by:

1. The original 2004 Purchase Agreement, a legally binding document

2. Our city's official property records and zoning ordinances
3. [REDACTED] utility and maintenance records spanning 21 years
4. Public tax records showing [REDACTED] failure to report commercial taxes .

This Funding or bill Paying By our residents  
Need TO END. We could go door to door to  
ASK our TAX payers who work hard, is this OK?