

City of Brodhead

Audit and Finance Committee meeting minutes for the November 14th, 2019 meeting

1. Meeting called to order by Paul Huffman at 4:02pm
2. Quorum was present as determined by roll call: Paul Huffman, Andy Strommen, deputy clerk/treasurer Keri Miller, Jennifer Naramore, Michael Olson; also in attendance: Dan Nelson, Tim Stocks, Chief Hughes, Mayor Pinnow, Erin Menzel, and Rich Vogel
3. Public Appearances: Tim Stocks spoke in regards to a discussion during the last council meeting regarding restructuring the debt.
4. Committee comments and questions: None
5. Approve Previous minutes: Naramore made a motion to approve October 2019 meeting minutes. Huffman seconded, motion carried.
6. Closed Session: Huffman made a motion to move to closed session, Woodford seconded. Motion carried. Entered closed session at 4:06 pm. Woodford made a motion to return from closed session, Strommen seconded, motion carried. Returned from closed session at 5:23pm. No action out of closed session
7. Wastewater facility phosphorus project funding: Rich Vogel presented. There are bills/invoices coming in for work that was done on the phosphorus reduction projects. Rich suggested borrowing some or all of these funds for these expenses. He explained that loans for the upgrade of the wastewater treatment facility were paid off in 2017, and that there would be this original capital available to apply to a loan for these phosphorus projects. Another option is paying the expense out of the sewer fund. After discussion, Dan advised that we need a better handle on the free cash available. It is possible to pay the expenses with available funds, and then borrow to replenish the sewer fund. Dan advised that a reimbursement resolution would need to be done. No action taken until total amounts due for the work done can be compiled, as well as cash on hand.
8. 2020 Budget: There were some minor changes to the 2020 budget that Dan Nelson presented on.
9. Treasurer's reports: September and October, 2019 Voucher Reports, Bank Reconciliations, and the Oct. 2019 Budget to actual were all reviewed by members prior to the meeting.
- 10 & 11. Debt refinancing and a proposed general obligation debt model: Dan Nelson proposed refinancing part of the city's debt, mostly from longer term bonds to shorter term, which would save us substantially on the interest. He also ran projections for borrowing \$250,000 in 2020 for capital improvements, and another model/projection for doing the same thing (borrowing \$250,000) year after year, each year, going forward. This increases the amount the city can levy for revenue, while providing funds for capital improvements. By keeping the payback period of these bonds relatively short, and by restructuring the debt that the city already has, the city does not approach maxing out its borrowing capacity. After discussion, Huffman made a motion to recommend to council to refinance the existing long term debt to a shorter term note. Woodford seconded, motion carried. Huffman also made a motion to recommend to council to have the staff prepare for fiscal year 2020 a capital needs list totaling approximately \$250,000 that follows the repayment schedule that Dan Nelson prepared. Woodford seconded, motion carried.
12. Future Agenda items: none were mentioned.
12. Date and time of next meeting: Wednesday, December 11th, 2019; 4pm.
13. Adjourn: Strommen made a motion to adjourn, Huffman seconded, motion carried. Meeting adjourned at 6:33 pm.