

Finance Committee Meeting December 4, 2013

The **Finance Committee** met Wednesday, December 4, 2013, at 12:00 p.m. in the City Hall Conference Room. Present were Chairperson Mark Ahner and Committee Members John Uden, Roxanna Brush and Bill Melnik.

Also present were Public Service Director Al Kelm, Fire Chief Dale Berg, Mayor Grenz and City Clerk/Recorder Lorrie Pearce.

Ambulance Debts to Collection for an amount of \$33,278.21

Councilperson Brush asked Chief Berg why there are so many old accounts on the collection list and then some August accounts, also why some of them have a total of \$100. He explained that the ambulance account was assigned under the City Clerk and he thought the issue was being taken care of. Once the ambulance account was his responsibility again, he noticed that he hadn't received a bad debt report. He called Solestone about the problem, and now they are cleaning up the report, per City policies. Chief Berg stated that the City is about two years behind on collections. Chairperson Ahner asked if next quarter the report will be current. Chief Berg said he will call John Ungaretti, General Manager of Solestone and have him run a report.

*** Committee Member Melnik moved to recommend approval of sending ambulance debts for an amount of \$33,278.21 to collection, seconded by Committee Member Uden and passed unanimously, 4-0.*

Rate adjustments to DNRC Water Loans and Reissuance of Bonds and Tax Certificate

Chairperson Ahner explained that the spreadsheet received from Department of Natural Resources and Conservation shows our loan rates are decreasing from 3.75% to 3.00%. He discussed the first spreadsheet (current rate vs. new rate), that shows a savings of \$453,556, and the second spreadsheet (new rate vs. new rate after pre-payment), shows a savings of \$28,093. This would include the \$20,000 down payment which is the excess amount in Debt Reserves. It will cost the City \$3,850 for Dorsey to produce the Bond Resolution and Tax certificate. He also explained that Resolution 3652 needed to be discussed today, so it can get on the December 10, 2013 Council meeting to be discussed and approved. The closing date for the rate adjustment is January 29, 2014.

Director Kelm explained that if the resolution is approved, the new debt service reserve will be \$299,847 after pre-payment, a savings of approximately \$28,000. Everything will be paid out of the three debt service accounts, so it will not cost the City any extra money.

Councilperson Uden asked what the savings will be per year. After calculating the \$453,556 and dividing it by 25 years, it was noted that there would be a savings of approximately \$18,000 a year.

Councilperson Ahner commented that if the rate adjustment is approved, it may be an opportunity to accelerate the water line replacement or decrease the water rate.

*** Committee Member Uden moved to recommend approval of the reinsurance of bond for the DNRC water loan at a rate decrease of 3.75% to 3.00%, for a savings of approximately \$453,556, and contingent upon the City Attorney reviewing Resolution 3652, seconded by Committee Member Melnik and passed unanimously, 4-0.*

Request of Citizens

None

Discussion

Mayor Grenz thanked Councilperson Uden and Councilperson Melnik for their services over the years.

Councilperson Melnik mentioned that Stabler Steel has been sold to Border Steel. He was wondering if the lease that is in effect right now needs to be transferred. Mayor Grenz commented that he has been asked why Stabler Steel is not fenced.

Adjournment

Having no more business to come before the Committee,

*** Committee Member Uden moved to adjourn the meeting, seconded by Committee Member Melnik and passed unanimously, 4-0.*

The meeting was adjourned at 12:40 p.m.

Respectfully Submitted:


Chairperson Mark Ahner


Lorrie Pearce
City Clerk/Minute Recorder